

## COUNCIL MEETING

AUGUST 27, 2014

The Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Jay Furfaro, at the Council Chambers, 4396 Rice Street, Suite 201, Lihue, Kaua'i, on Wednesday, August 27, 2014 at 9:10 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum (*present at 9:11 a.m.*)  
Honorable Mason K. Chock, Sr.  
Honorable Gary L. Hooser (*present at 9:13 a.m.*)  
Honorable Ross Kagawa  
Honorable Mel Rapozo (*present at 9:14 a.m.*)  
Honorable JoAnn A. Yukimura  
Honorable Jay Furfaro (*excused 12:04 p.m. to 1:49 p.m.*)

### APPROVAL OF AGENDA.

Ms. Yukimura moved for approval of the agenda as circulated, seconded by Mr. Kagawa, and unanimously carried (*Mr. Bynum, Mr. Hooser, and Mr. Rapozo were not present.*).

Chair Furfaro: We will go to this period of public comment. Scott, may I ask you or someone, to read Section (D), please?

SCOTT K. SATO, Council Services Review Officer: We are on item (D), Public Comment.

(*Mr. Bynum was noted as present.*)

### PUBLIC COMMENT.

Pursuant to Council Rule 13(e), members of the public shall be allowed a total of eighteen (18) minutes on a first come, first served basis to speak on any agenda item. Each speaker shall be limited to three (3) minutes at the discretion of the Chair to discuss the agenda item and shall not be allowed additional time to speak during the meeting. This rule is designed to accommodate those who cannot be present throughout the meeting to speak when the agenda items are heard. After the conclusion of the eighteen (18) minutes, other members of the public shall be allowed to speak pursuant to Council Rule 12(e).

Chair Furfaro: Thank you. Is there anyone now, that would like to speak on any item that is posted on today's agenda? Come right up, Doc. Doc, may I ask you just to identify which item you are referencing?

(*Mr. Hooser was noted as present.*)

There being no objections, the rules were suspended to take public comment.

JACK LUNDGREN: Good morning Councilmembers. My name is Jack Lundgren, L-U-N-D-G-R-E-N. I am here to talk about two (2) bills that you

are going to be bringing up later for second reading. Those are Bill No. 2548 about Time Share taxations, and the other one is Bill No. 2549 about Residential Investor properties. (Inaudible), some of the meeting and the comments. I understand that you are thinking of doing away with not accepting this Time Share classification, which is the one I am speaking of first. I think it is a good idea to call a spade a spade. Time Share is a little different than hotels. They operate differently. They have different occupancy. They maybe do not use local services as much like restaurants. It would make it easier to do what the Time Share industry claim they wanted to do. They wanted to phase in the equitable taxation, and that is the whole point of this Bill No. 2548, to make the taxation fair and equitable. If you have two (2) identical properties in a condominium and one is in the Time Share and one is in the private ownership or is used as a home residence, they should be taxed the same. I enjoyed the testimony. I learned a lot from it, but the whole thing about the taxation is that on Time Share properties, the property is still owned by the company or the corporation that is doing the Time Share, is my understanding.

*(Mr. Rapozo was noted as present.)*

Mr. Lundgren: Yes, they passed it. I do not think you actually have an ownership. You could correct me if I am wrong, but I think they worked on the basis of points and you get more points if you are in a certain category, but I do not think you actually have a fee-ownership that is registered with the Bureau of Conveyances. So, the owner of the property can pass on the tax if they want to, but they do not have to pass it on immediately. I know I have three (3) minutes so maybe I should go onto the other Bill that I am interested in. That is the Residential Investor, and that was my kind of main concern. These properties...

Mr. Sato: Three (3) minutes.

Mr. Lundgren: ...in the category they were describing it as being one million dollars (\$1,000,000) or more and I...

Chair Furfaro: Excuse me, Doc, the three (3) minutes was up, but I am going to extend you by one (1) more minute to finish this category. Go ahead.

Mr. Lundgren: Well, this is relating to Bill No. 2549. I will try to get it done in sixty (60) seconds. I think if you arbitrarily tie it to one million dollars (\$1,000,000), that is too fixed. Maybe it would be better if it were tied to the medium price assessment or percentage thereof. I do not know what that might be now for Kaua'i. Maybe quite a bit, I think, compared to the mainland. Four hundred thousand dollars (\$400,000) or five hundred thousand dollars (\$500,000). So, it could be a multiple of that rather than a set figure because things do change. We heard about Kukui'ula, how about eighty percent (80%) of that is unoccupied. I still remember going to those hearings. The only one I remember was there was JoAnn, but originally when Alexander & Baldwin (A&B) came in for their zoning from agriculture, they said that this was going to be for local residents, and you see how that has changed from...the big advantage they said was...

Mr. Sato: One (1) minute.

Mr. Lundgren: ...there is going to be less density and it is a very pretty area out there, but I do not think there are very many local residents living out there in that area. It is almost all luxury housing and housing that sits

vacant. So, the people that own those luxury properties can get out of this if they simply lease their property, ideally, at affordable property rates. I do not think they are going to do that, but the people that have million dollar properties can afford a little bit higher taxes. Those are the high points. Sorry I do not have any written testimony for you, but I hope you do give good consideration to both of those tax Bills, the Time Share, Bill No. 2548 and the Investor property.

I know my time is up, Jay, but I just wanted to say, I thought when I watched on television, I thought Steve Hunt did a great job with information. I think you gave us a lot of information because of your past history with the tourism industry and I learned a lot. I did not know that almost half of our properties were Time Share, half of our resort properties. That was a surprise to me. I also wanted to say, I appreciate that Kaua'i.gov website. Honestly, it is a little difficult. I had the help of someone on Council Services. I have never met her. Her name is L.C. She may be here.

Chair Furfaro:

Yes.

Mr. Lundgren: But she helped me navigate it. It is not easy to go to that website and look up a Bill. I found out you have to go to Comcast, which...not Comcast, but Webcast, and I thought that was maybe viewing meetings. There, you are able to get the Bill. So, I think if that can be tweaked a little bit. It is great to have that Kaua'i.gov site. So, with that, thank you very much.

Chair Furfaro: Thank you very much for those observations. We are constantly trying to make improvements there. Thank you, Doc. Is there anyone else that would like to use their time now? If not, let us go to item (E), please.

There being no further public comment, the meeting was called back to order, and proceeded as follows:

MINUTES of the following meeting of the Council:

July 2, 2014 Special Council Meeting  
August 6, 2014 Special Council Meeting

Ms. Yukimura moved to approve the Minutes as circulated, seconded by Mr. Bynum, and unanimously carried.

Chair Furfaro: We will go to the Consent Calendar. We have two (2) items, I believe, right?

CONSENT CALENDAR:

C 2014-228 Communication (07/29/2014) from the Chief of Police, transmitting for Council consideration, a proposed draft Bill to appropriate Criminal Asset Forfeiture Funds in the amount of \$70,000 for the Kaua'i Police Department, to purchase exercise equipment for the Waimea and Kawaihau Substations which will be used to assist police officers to meet the required physical performance standards for their positions: Ms. Yukimura moved to receive C 2014-228 for the record, seconded by Mr. Rapozo, and unanimously carried.

C 2014-229 Communication (08/14/2014) from the Director of Finance and the Accounting Systems Administrator, transmitting for Council information, the Inventory Report for the Fiscal Year Ending June 30, 2014: Ms. Yukimura moved to receive C 2014-229 for the record, seconded by Mr. Rapozo, and unanimously carried.

Chair Furfaro: I do want the Police to come up first on the actual communication. Let us go under Communications, to the appropriate item.

Mr. Sato: Chair, we are on page 2 of the agenda under (G) Communications.

COMMUNICATIONS:

C 2014-230 Communication (07/03/2014) from the Chief of Police, requesting agenda time to provide the Council with a presentation relating to the Community Oriented Police Services (COPS) Hiring Program Grant. This presentation shall include the program's history, goals and objectives, reporting criteria, measurable outcomes, and current status: Mr. Kagawa moved to receive C 2014-230 for the record, seconded by Ms. Yukimura.

Chair Furfaro: I have a motion to receive and a second. On that note, I would like to ask if there is any comments. If not, I would like to suspend the Rules, Scott. Chief. Could you read the number again on the communication?

Mr. Sato: We are on C 2014-230.

Chair Furfaro: Thank you. Rules are suspended Chief, and you have the floor.

There being no objections, the rules were suspended.

DARRYL D. PERRY, Chief of Police: Good morning. Chief of Police, Darryl Perry for the Kaua'i Police Department. This is an update. We had presented to the Council, the genesis of our Community Oriented Police Services (COPS) grant, and this is an update on the status of the COPS grant. Officer Stacy Perreira will be making the presentation.

STACY PERREIRA: Good morning.

Ms. Yukimura: Good morning.

Chair Furfaro: Good morning, Stacy.

Ms. Perreira: So, like Chief said, this is just an update where we are at, what we are looking at doing, and what we have accomplished so far throughout the grant. Project goals, is to increase the number of first responders for the Kaua'i Police Department to allow a more even distribution of cases amongst officers while promoting community policing strategies aimed to prevent, solve, and control crime. So, that is our goal. Some of our project activities is to increase the number of sworn, first responder, personnel by five percent (5%) which is the maximum that the grant allowed, or six (6) officers. So, our current standings as of today, is we have seven (7) candidates that have conditional offers,

we have one (1) candidate that is pending the administrative review process, five (5) applicants that are still in the first phase of the process which is the background process, then our next Police Services test will be held in November, and then we expect that the 86<sup>th</sup> Recruit Class to tentatively begin in December of 2014.

Another one of our objectives and activities is to establish a new geographical beat assignment, which is in the Kawaihau District as our largest residential and business district. Just some information and some background on how we distinguish that, the island is segregated into five (5) districts. Within those districts it is then divided into ten (10) beats, and I will give an overview of what that looks like. So, our proposed Kawaihau beat expansion would include...currently, it has Beat 450 and 456. We would be expanding that to include Beat 453. This is what it currently looks like here with the five (5) different districts. That is how we are broken up. Again, we are focusing on District 4, which is our Kawaihau District. That is how our beat assignments are broken up. The red is where, it is not exact, but that is the proposed area along the coastline. So, it would be Beat 456, 450, and again, the new expansion would be in red, Beat 453.

Another one of our project activities is to enhance our existing programs while promoting pro-active community oriented policing strategies.

*(Mr. Bynum was noted as not present.)*

Ms. Perreira: One of the big things that we will be doing is we currently have the 85<sup>th</sup> Recruit Class in session now and before they graduate or upon graduation, they will need to be providing forty (40) hours of community policing services in the Kawaihau District itself, which approximates to about four hundred (400) hours. So, that would be something very different for the Police Department. They will actually be doing foot patrol within the business districts meeting the community, meeting the businesses, gathering information, doing some educational pieces in terms of keeping their establishments safe, so on and so forth, and just meeting the public, in general. That is something that we plan to implement for years to come. Another one that we have is the different youth programs that we want to continue to support. Currently, our Kaua'i Police Activities League (KPAL) services between one thousand five hundred (1,500) to two thousand (2,000) students annually. Our Drug Abuse Resistance Education (D.A.R.E.) program is incorporated in all 7<sup>th</sup> grade schools and one (1) private school, which services about seven hundred (700) students. We have our School Resource Officer (SRO) program, which is currently in the Kapa'a High, Waimea, and Kaua'i High Schools. Our Explorer's program is still there. Unfortunately, we are in the middle of trying to revitalize that program. It is not gone for good, but we are in the process of revitalizing. Then of course, we always want to promote our partnerships. Our Community Relations Officer, Roderick Green, he does excellent work with the community. Then we have our Neighborhood Watch Program. We currently have active Community Neighborhood Watch programs. Our most recent one was implemented in the Nāwiliwili area. Our Mayor's Crime Task Force, and then our Citizen's Police academy, which we just graduated our third academy in June, with fifteen (15) civilians. Then of course, our ongoing communications with the media.

Next up is providing in-service training for all first responders. Basically, we want to make sure that all first responders are on the same page that we are with the grant as well as that they are aware of what we expect and what we want to accomplish out of our community policing goals. Part of that will be in-service

training. It will be updating our community policing curriculum for incoming new recruits. All of this is tracked of course, through our Power-DMS training log, and then we also completed so far, our community assessment policing tool. That was provided. That is part of the requirement for the COPS grant and we had one hundred eighty-nine (189) participants within our Police Department and then fourteen (14) of those were community partners that responded. So, we had a pretty good assessment on where we are at in terms of a Department. Where we are lacking were maybe our officers or the community is not really aware of what community policing is. So, based on that assessment, then we will be updating or molding our curriculum to suit our Department.

Then some of our evaluations that we will be following or tracking throughout the project, this was part of the grant, is to track of course, the hiring process. The first twelve (12) months, we hope to have at least started the hiring process, which we are. We are pretty close to getting some numbers in there, but there is still a long way to go. Track the cumulative number of sworn personnel hired within the first twelve (12) months. Number 2, establish the new geographical beat assignment, which we did. Part of that is also going to be, once we start implementing that geographical beat assignment, is monitoring how the case load changes, how the response time changes, and then if that is not appropriate for what we have set up, then there is always room to change the beat assignment if we need to make some changes and adjustments there. Three, is enhance the community policing efforts within the geographical beat assignment. Part of that, of course, is providing that one-on-one service through our recruits as well as tracking contacts made throughout the project period. Provide in-service training, like I said, and we will be monitoring that with all new incoming recruits as well as our current first responding officers.

Some of the funding breakdown. Year 1, which we are at right now, there will be no funding that will be going out through the grant, County, or Criminal Assets Forfeiture Funds. In Year 2, Fiscal Year 2015, we are looking at majority of the funds being supplemented by the grant at five hundred ten thousand dollars (\$510,000), with zero (0) funds from the County, and then ninety-one thousand dollars (\$91,000) from Criminal Assets Forfeiture Funds. In Year 3, which is Fiscal Year 2016, we are looking at the remaining budget of the grant at two hundred thirty-nine thousand dollars (\$239,000), and then the County starts to pick up some of the portion of that at four hundred twenty-five thousand dollars (\$425,000), and then zero dollars (\$0) Criminal Assets Forfeiture Funds. 2017, zero (0) funds. At that point, we would have used all grant funds, and then that is where the County would start picking up, which is the mandatory fourth year at seven hundred thousand dollars (\$700,000). Then fifth year, same thing at seven hundred thousand dollars (\$700,000).

So, I just have a...I think I provided it. It was a breakdown. I do not know if I can get it here. This is just an Excel spreadsheet of how we came up with the funds. I think the initial one that we provided did not have our current funding amounts, which this one does include our pay raises and so on and so forth, throughout the next several years. Then the fringe benefits is what we got from the Department of Finance. So, that is how we came up with our funding. That is about it. Any questions?

Chair Furfaro:

JoAnn, you have the floor.

Ms. Yukimura: Thank you very much Officer Perreira. It is very helpful to get this information. So, on your slide 3 about your project objectives. These are up to six (6) positions that are being created by this grant. So, you are recruiting a lot more, but I presume they are for other vacancies?

Ms. Perreira: Yes.

Ms. Yukimura: Okay, but what I guess you are trying to show here is that you will be able to fill this particular beat?

*(Mr. Kagawa was noted as not present.)*

Ms. Perreira: What we are showing is how we are coming along in the recruiting process.

Ms. Yukimura: Recruitment process?

Ms. Perreira: Yes.

Ms. Yukimura: Okay, good. Then, I am really glad that some of your project activities will include foot patrol in the business districts, and meeting a lot more of contact with the public. I just wondered if you are having training in how to meet the public. I am not sure...

Ms. Perreira: Yes, that is part of our...the recruit class that is now, they will be going through a community policing curriculum and part of that will include what we need to do and how we need to communicate with the public to meet our community policing goals and objectives. Just meeting people, how to generally speak to people.

Ms. Yukimura: Yes, I mean, it seems kind of perfunctory, but I think there are things to be learned about how to approach the public and how to listen to their concerns and those kinds of things. So, if your training includes that...

Ms. Perreira: Yes, it will.

Ms. Yukimura: ...I am glad to hear that.

Mr. Perry: It is also in our police recruit classes, all of our recruit classes. So, it is more of a refresher for the seasoned officers, but also, it is part of the recruit class training curriculum.

*(Mr. Bynum was noted as present.)*

Ms. Yukimura: So, what you are saying, Chief, is it is a standard part of training? It is not just for your community oriented policing? All your recruits get that training.

Mr. Perry: Absolutely.

Ms. Yukimura: Yes, okay. Good. In terms of your current programs, do you have measures of effectiveness in terms of, I presume these youth programs are prevention.

Ms. Perreira: Yes.

Ms. Yukimura: From juvenile delinquency, drug use, and I am trying to think of the avoided behaviors. Juvenile delinquency, drug use, and I guess...oh, there was one (1) more. Anyway, so how are you measuring the effectiveness of these programs? Do you have indicators that you are tracking?

Ms. Perreira: I do not personally. I do believe that Sergeant Ozaki is in charge of the D.A.R.E. program and may have that. Do you know?

Mr. Perry: Yes, we could get that statistics for you.

Ms. Yukimura: So, you can provide that for us?

Ms. Perreira: I am sure we could, yes.

Ms. Yukimura: Okay, because nationally, there have been questions about the effectiveness of the D.A.R.E. program. I am not taking about KPAL here, but about D.A.R.E. and whether it actually is effective in deterring or preventing drug use, et cetera. So, I would appreciate some data on it, data of our programs.

Mr. Perry: Those arguments have been going on since I was the Major at the Juvenile Services Division for quite some time. Experts have come forward and said it is a very effective program. Others have said, "No." For us within law enforcement, we find that those programs have been very effective and it is still being promoted by the International Association of Chiefs of Police throughout the Nation, but we will get that information for you. This has been ongoing for years and years and years.

Ms. Yukimura: Well, I know that, and I think a lot of the professionals do question it. So, I would be interested in any information you have. Can you give us the cost also, of the D.A.R.E. programs? Both in terms of officer time and grant moneys or what the actual cost of running it is, and what the sources of funding are for it.

Mr. Perry: We will. Would you be sending over a communication for that?

Ms. Yukimura: Yes.

Mr. Perry: Okay.

Ms. Yukimura: Staff, can we make sure that question goes? Thank you.

Chair Furfaro: Mr. Chock, you have the floor. .

Mr. Chock: Just a follow-up on the D.A.R.E. program too. We have had discussions about the cost of continuing the program. Maybe in the communication, if we could add or if you know now, how much the Department of Education (DOE) supports the current program, and then how much of the grant...it does not sound like there are direct costs, but perhaps it is just because



we have additional members in the area to help support the program. Is that how it is being enhanced?

Mr. Perry: I believe the DOE has dropped the D.A.R.E. program because of fiscal constraints, but I will double check on that. So, right now, the Department is picking up that aspect...

Mr. Chock: So, we pick up the whole cost?

Mr. Perry: ...aspect of training. It is all encompassed within our SRO program.

Mr. Chock: And that is what the question was, I think. How much that costs?

Mr. Perry: Yes.

Mr. Chock: So, we pay it all. Then, going back to the, I guess, it is slide 3. It is great that we are going to have these extra people working in this area and I know, I guess, the substation that is by the ballpark over there, is this going to be big enough to house the needs for these extra people or are we looking at needs that were not outlined here in the future?

Mr. Perry: Right now, it will be sufficient for our needs. So, we will not need to expand, but we have to be aware that I believe the lease agreement is for another four (4) or five (5) years. The property does not belong to the County. So, we have to start thinking ahead on where to move our officers.

Mr. Chock: Okay, so five (5) more years on that lease?

Mr. Perry: Yes, something like that. I will have to go and double check, but that is about right.

Mr. Chock: Okay. What determines the size or need? Is it just for processing, that substation function? Maybe this is a communication thing too, but in terms of planning for this expansion.

Mr. Perry: Right, it is a number of officers, of course, your staffing needs with respect to the Sergeants, Lieutenants, and whether or not you are going to hold somebody there or just do booking and transport in. Normally on the outskirts, we do not have a full complement of staffing because the officers should be on the road, but just enough space so that they will be able to do their daily activities, not unlike what we have in Waimea right now.

Mr. Chock: I see.

Mr. Perry: The substation.

Mr. Chock: Okay. Then when we talk about the evaluation of the project as well, so the geographical beat assignment within the Kawaihau District, what triggers them to go outside of that district? I am not sure how the coverage is mandated. So, they are assigned to this area, but for instance if there is a call that comes from a surrounding district, how does that work?

Ms. Perreira: Well, normally, as a Patrol Officer you want to support your beat partners. So, although you are assigned to a specific beat and you are responsible for those calls in that beat, when your beat partners get calls in their beat, you want to do as much as possible, you want to support them. Of course depending on the type of call, you want to be there to support them.

Mr. Chock: Okay. So, they are not limited, is what I guess is my point?

Ms. Perreira: No.

Mr. Chock: They pretty much respond to wherever they have to?

Ms. Perreira: Right.

Mr. Chock: It is not just in one (1) area. Okay. Thank you. That is all.

Chair Furfaro: Any other questions? Let me see if somebody else has questions before you, JoAnn.

*(Mr. Kagawa was noted as present.)*

Chair Furfaro: No? I do, JoAnn. So, Chief, I appreciate the update and the presentation. I think I am a pretty regular at various Boards & Commissions and going and giving testimony whether it is Planning or Charter Review or Police Commission and so forth. What was the net effect of me talking to the Commissioners last month and pointing out the fact that in the Police Commission's role, the Police Commission, I would think, should be sending some kind of a Resolution to this Council that deals with your plan that indicates that the Commission supports these things because the fact of the matter is under Section 11.03 of the general powers of the Commission, they are supposed to review the annual budgets prepared by the Chief and the Police Department and may make recommendations? I said, "I would like to see something from them in the form of a Resolution that says they buy into the plan that you are presenting, this beat expansion and so forth." To me, it is a substantial piece of the budget package for the Police Department and I would like to see something from the Commissioners that: Number 1, that they have been briefed, Number 2, they wholeheartedly agree with this move and they support the budget request. Are we any closer to them having this discussion or sending a communication to the Council?

Mr. Perry: I know that your presentation had a very positive effect on the Police Commissioners. The last discussion I had with Chair Iona was that they were moving forward with that, but I will get some information and get back to you on that. I know it was a very positive impact that it had on the Commission and they want to be, and they are, moving forward to being move involved in our needs.

Chair Furfaro: Yes, because I think this request for the additional beats and the staffing guides, it is a very important piece of the overall continuity of public safety, which comes under their recommendations from a budget standpoint. So, I am looking forward to that.

Mr. Perry: Yes.

Chair Furfaro: JoAnn, I give you the floor.

Ms. Yukimura: Thank you. On slide 8, you talk about this community policing self-assessment tool, and I commend you for having such a tool. We should do it for all County things, but I wondered if we could get a copy of the assessment?

Council Chair Furfaro, the presiding officer, relinquished Chairmanship to Mr. Chock.

*(Council Chair Furfaro was noted as not present.)*

Ms. Perreira: The assessment is provided through an independent firm that is contacted through community oriented policing, the Department of Justice (DOJ). They come up with a series of questions specific to grant and specific to community policing, and then those are the ones we answer. Yes, you can get a copy.

Ms. Yukimura: So, it is like a survey to...

Ms. Perreira: It is a survey.

Ms. Yukimura: ...consumers of the service, partners in the service?

Ms. Perreira: Right. So, who we needed to provide this assessment tool to is all of law enforcement. So, our entire Department participated, civilians as well as first responding officers, administrative staff, as well as community members. That is beyond our control whether they respond or not, but we did send to a variety of community members, and of that, fourteen (14) community partners responded to the grant.

Ms. Yukimura: How do you choose which community members to survey?

Ms. Perreira: Basically, what we did is we just came up with a list of the different community members that we deal with on a regular basis through Sergeant Roderick Green, and those are the ones that I sent out to.

Ms. Yukimura: Okay. Going onto you project evaluation, you mentioned monitoring how the case load changes. How do you measure case load?

Ms. Perreira: Well, right now, how it is done is we only have two (2) beats in that particular Kawaihau District. It will now have three (3). So, for example, if each officer had one hundred (100) cases a piece, so that is two hundred (200), it will then be divided up into three (3), and then from there, we will be able to see what kind of cases they are responding to as well as the rate that they are responding to those calls. That is what we are looking at.

Ms. Yukimura: So, what constitutes a case?

Ms. Perreira: Anything they get called on, and they get called from a variety, from a false alarm to a burglary in progress. Anything that we respond to is considered a service to the public.

Ms. Yukimura: Right.

Ms. Perreira: So, those are all the calls that we will monitor.

Ms. Yukimura: So, you have the average case load of the officers prior to this new beat and then you will have the case load once the beat is in place, which hopefully will be lowering the onerous case load that officers may be having now. So, will there be a report on that?

Ms. Perreira: Yes, that is all of the things that we need provide back to the grant as well.

Ms. Yukimura: And so, you do not yet have the officers on the beat yet?

Ms. Perreira: No.

Ms. Yukimura: So, when do you plan to have them on the beat?

Ms. Perreira: As soon as we can hire them.

Mr. Perry: Let us see, the 86<sup>th</sup> Recruit Class is starting up at the end of this year. So, we are looking at the middle of next year about.

Ms. Yukimura: To have them on the beat?

Mr. Perry: Yes, around there. Maybe more towards, I would say, August about this time.

Ms. Yukimura: So, about a year from now.

Mr. Perry: About a year from now, yes.

Ms. Yukimura: Okay, but then the grant is covering the cost, but we do not have the officers on yet this year.

Ms. Perreira: Right, so it...

Ms. Yukimura: Do we get to defer the cost so we can use the grant money?

Ms. Perreira: Yes. So, how it works is it is per officer. So, the grant will support each individual officer for thirty-six (36) months from their start date. So, even if we do not hire in the first year, the funding does not expire.

Ms. Yukimura: That is good.

Ms. Perreira: It just pushes on until the officer is hired.

Ms. Yukimura: Okay, but we might defer the County cost then?

Ms. Perreira: Right, absolutely.

Ms. Yukimura: Because there is this lag time in hiring and so forth.

Ms. Perreira: Right.

Ms. Yukimura: That is actually good news given the tight budget we are looking at for next year and the following year. Okay, I think that is...oh, I know. Project evaluation, slide 10. Enhance community policing efforts. The criteria you are using is number of community meetings attended and number of community contacts made. Those are kind of surface numbers.

*(Council Chair Furfaro was noted as present.)*

Ms. Yukimura: It does not measure the quality of the services of whether you are actually preventing crimes. We had this discussion, I think, in terms of number of thefts, burglaries, et cetera, in the Kawaihau District and if it is actually going to be preventive, we should see a drop in those numbers?

Ms. Perreira: Actually, basically, what community policing is, is to get interaction with the public.

Mr. Chock returned chairmanship to Council Chair Furfaro.

*(Mr. Chock was noted as not present.)*

Ms. Perreira: So, the purpose of going to those community meeting is to get feedback from community members...

Ms. Yukimura: Surely.

Ms. Perreira: As well as from different business owners on how we can work together.

Ms. Yukimura: Right, but that working together is supposed to result in...

Ms. Perreira: You would hope. Right.

Ms. Yukimura: Better results for the community. So, it would have to be measured in terms of less crime or less traffic if traffic is part of the job, which I know it is.

Ms. Perreira: So, we have current numbers of where we are at.

Ms. Yukimura: Good.

Ms. Perreira: And once the project is implemented and we start monitoring these, then we will compare those two. Now, there is a variety of

things that will be going on at the same time besides attending meetings and getting interaction from the public. There will also be, hopefully, better response time with different things.

Ms. Yukimura: That is good, response time.

Ms. Perreira: So, there will be a variety of factors that will, I think, come into place should the numbers drop. It will not just be one single thing.

Ms. Yukimura: I agree, and some may not even go down.

Ms. Perreira: And it may not, right.

*(Mr. Chock was noted as present.)*

Ms. Yukimura: So, I mean, this is an experiment to a certain extent. We are tracking to see what results we are getting and then I presume you are going to evaluate how you tweak it and what was the dynamics of it to just have continuous improvement in the process.

Ms. Perreira: Correct.

Ms. Yukimura: I guess my request though, is that you have project evaluation criteria, includes some of those things you just mentioned like response time, number or frequency of burglaries, et cetera, even crimes solved in that area or whatever it is. I am not set on any particular criteria, but something that measures more than just number of meetings or number of contacts. If you could consider that.

Ms. Perreira: We would be including that as part of the report.

Ms. Yukimura: Okay.

Ms. Perreira: But as far as the grant is concerned, this is what they want.

Ms. Yukimura: I got it.

Ms. Perreira: That is all they want.

Ms. Yukimura: Okay. I just hope that we ourselves will go beyond what the grant wants...

Ms. Perreira: Oh, absolutely.

Ms. Yukimura: ...and what we actually want to track.

Ms. Perreira: Absolutely.

Ms. Yukimura: Okay, thank you very much.

Mr. Perry: I just wanted to add one thing with respect to the reduction in crime. As you know, and we have talked about it at length about the criminal justice system, and how it encompasses other agencies besides the Police Department. Often times, because we are the people on the front lines and we are wearing uniforms and walking around, so people point at us as being the ones that are most instrumental in preventing crime when in actuality, the court systems, the prosecutors, the correction system, probation, parole, and the rest have a deep impact on whether crime goes up and down. Our mission is to make sure that our relationship with the community is such so that they will be able to not hesitate in reporting it to us and we will be there faster, get there in response time so that we can prevent crime. So, it is a very complex issue when it comes to crime reduction or the rising of crime.

Ms. Yukimura: Thank you for explaining that. You are right that even though you may apprehend the thief or burglar or whatever, there is another piece to it that is not necessarily within your control, but I think that is where collective action or partnerships come in. I remember the Weed and Seed that they did in China Town where they analyzed that whole sequence of police action and court action so that they could make sure that the whole process worked and I presume you are working with the prosecutor and the courts on that.

Mr. Perry: With respect to Weed and Seed, that is a Federally supported program. So, they had it in China Town, (inaudible) housing, also in Waipahu. It is a geographical restriction type of program where if the individual is warned and he goes back there within that area, then they go to Federal Court. State has a relationship there, but it is a no nonsense mandate that if you violate the geographical restriction. It has been successful. I am not sure whether or not it is still in place now. It has been a while.

Ms. Yukimura: Yes, I do not know either, but I think learning from their experience, we could maybe apply a few of the aspects of it. I mean, because you are talking about a circumscribed district, Kawaihau. Who knows? If that turns out to be the problem in securing successful prosecution, maybe we can borrow a few notes from them, but until you show the statistics, we will not know.

Ms. Perreira: Right.

Ms. Yukimura: Okay, thank you very much.

Chair Furfaro: I want to bring us back to the grant subject matter. I mean, let us find ourselves answering the plusses and minuses as it relates to the application and the grant. Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair, and thank you Chief and Stacy for being here today. If you could put up that, because I think often times we get mixed or...not mixed up, but tossed into the discussion of the numbers and all of that. I just want to ask, let us start with the Līhu'e District, Number 1. On the top line, the line that divides District 1 and District 4. Where is that line?

Ms. Perreira: That line is...

Mr. Rapozo: Would that be Leho Road?

Ms. Perreira: South Leho Road, yes.

Mr. Rapozo: Yes, South Leho Road. So, that is the road that goes into Lydgate by that sewer plant.

Ms. Perreira: Yes.

Mr. Rapozo: And then if you go down to the next line down below, Līhu'e and Kōloa. Where is that line?

Ms. Perreira: Good question.

Mr. Rapozo: Rice Street, right? Is it not? Where is the beat divider between Līhu'e and Kōloa? Knudsen Gap.

Ms. Perreira: Knudsen Gap.

Mr. Rapozo: Kīpū?

Ms. Perreira: Kīpū.

Mr. Rapozo: So, between Wailua, Lydgate, and Kīpū, how many officers are there right now?

Ms. Perreira: Two (2).

Mr. Rapozo: How many?

Ms. Perreira: Two (2).

Mr. Rapozo: Two (2)? Two (2) police officers?

Ms. Perreira: Yes.

Mr. Rapozo: And how many Sergeants?

Ms. Perreira: One (1).

Mr. Rapozo: One (1). So, for that big area, three (3)?

Ms. Perreira: Three (3).

Mr. Rapozo: Okay. Now, let us just go right around the clock. Between Līhu'e, we know you said Kīpū. Kōloa, where is the district of the beat boundary between the end of the Kōloa District and the start of Waimea? If we need help from somebody, please come up. I want to make a graphic depiction of what is going on. So, now we are at Kīpū, and between Kīpū and where is the...I only know the old beat numbers, so I do not know where they are now. So, let us say the last beat officer west of the Kōloa District.

RICHARD W. ROSA, Kaua'i Police Department Captain: Good morning. Captain Rosa of the Kaua'i Police Department. The Kōloa District is going to end at the *ili* of 'Ele'ele or do you know where McDonald's is?



Mr. Rapozo: Try give us...yes.

Mr. Rosa: 'Ele'ele, that bridge?

Mr. Rapozo: Yes.

Mr. Rosa: That is the...

Mr. Rapozo: So, 'Ele'ele McDonald's let us just say. We are not exact, but we are just giving a pretty good...

Mr. Rosa: The district, yes.

Mr. Rapozo: So, between Kīpū and all the way through Lāwa'i, Kōloa, Ōma'o, Kalāheo, and 'Ele'ele, how many officers there?

Mr. Rosa: Two (2).

Mr. Rapozo: And do they have their own Sergeant out there?

Mr. Rosa: No.

Mr. Rapozo: They share?

Mr. Rosa: They share.

Mr. Rapozo: So, we have two (2) officers?

Mr. Rosa: Yes, sir.

Mr. Rapozo: Waimea District, obviously the 'ili of 'Ele'ele, 'Ele'ele McDonald's all the way to the end of the road?

Mr. Rosa: All the way, yes.

Mr. Rapozo: Polihale, and Kōke'e is included in there as well?

Mr. Rosa: Yes, sir.

Mr. Rapozo: How many over there in that District 2?

Mr. Rosa: One (1).

Mr. Rapozo: Between 'Ele'ele and Polihale?

Mr. Rosa: One (1) officer.

Mr. Rapozo: Only one (1)?

Mr. Rosa: Oh, I am sorry. There is the one in Hanapēpē, but Hanapēpē covers Hanapēpē and Kalāheo so it is basically...

Mr. Rapozo: But still, two (2).

Mr. Rosa: Two (2).

Mr. Rapozo: And do you have any Sergeants out there?

Mr. Rosa: One (1).

Mr. Rapozo: One (1). Hanalei District, obviously is from Kē'e Beach. Where is the line between Kawaihau and Hanalei?

Mr. Rosa: Moloa'a Bridge, I believe.

Mr. Rapozo: Moloa'a Bridge.

Chair Furfaro: Before you go any further, the agenda time here is the grant, but I am going to allow this clarification of staffing levels because it ties into the fact that the grant is about adding staff. So, I just want to make sure members are clear on that.

Mr. Rapozo: Thank you. I just heard JoAnn ask a ton of questions about...now, you were not here though, Mr. Chair.

Ms. Yukimura: They were about the criteria in the grant.

Mr. Rapozo: And so is mine.

Chair Furfaro: Hold on. Mr. Rapozo has the floor.

Ms. Yukimura: Excuse me.

Chair Furfaro: I just wanted to make sure I clarified the fact that I am allowing us to create what the current staffing levels are because the grant is tied into future staffing. You have the floor, Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. The grant is exactly for that, to add a beat. So, Moloa'a Bridge, Polihale. I mean, I am sorry. Moloa'a Bridge to Kē'e Beach, how many officers?

Mr. Rosa: Two (2).

Mr. Rapozo: And how many Sergeants?

Mr. Rosa: One (1).

Mr. Rapozo: And then the final, Moloa'a Bridge all the way to Lydgate, that includes Anahola, Kīlauea, Kapa'a, Wailua. How many?

Mr. Rosa: Two (2).

Mr. Rapozo: Two (2). And do they have a separate Sergeant?

Mr. Rosa: They share with Anahola.

Mr. Rapozo: They share. The exercise that I am trying to paint is that this grant was to increase staff. If I put a layer of personnel on this map for Parks Department, if I put a layer of personnel for the Department of Transportation, for the Department of Planning, for the Fire Department, or for any Department in this County, including this building, Council Services, we have more people working than the whole island has of patrol officers and Sergeants, responding officers. So, I mean, it is a no-brainer, number one. This grant, you went through a lot of scrutiny when you came here applying for this grant and this grant is to make one (1) more beat. So, there will be, in the Kawaihau District, there will be three (3) officers. I bring this up because I get a lot of calls from the public that the officer took one (1) hour, the officer took an hour and a half, but when you look at the graphic display, it is insane of what we have for public safety here on Kaua'i. I am biased because I am the public safety Chair, but I am also biased because I care about my safety, my family's safety, and my friend's safety, the visitors and residents alike; that when you call the police, you want one there. So, this is a small step to getting to where we need to be. I remember, again Chief, when you first came, I asked you to do a five (5) year five (5) beat plan. We just cannot do it because there never is the funds, but when you look at it on a map like this, I hope the people can understand and appreciate why it takes an hour or an hour and a half. So, I appreciate the effort and I appreciate you folks getting this grant. Stacy, I understand you were instrumental. So, thank you very much.

I do have a couple of comments just because I think there is some concern, and the reason I bring it up is because it is in the grant proposal, it is one of the goals and objectives, is the D.A.R.E. program. Although I agree with Councilmember Yukimura that there has been a lot of controversy, there has been a lot of support as well. There was a period of time, and DOE, to me, is not the gauge whether or not they support the program. They support letting kids starve at lunch because they do not have money. So, I am not concerned what the DOE thinks. I really do not. DOE, back in 2001 took D.A.R.E. off of their scientifically based programs. I know a little bit about D.A.R.E. D.A.R.E. was forced to, and back then I would agree that it was not doing what it was supposed to be doing. Go ahead.

Ms. Yukimura: Point of order. I think we are in a question and answer (Q&A) format, and that the discussion will come later.

Chair Furfaro: Okay, you want to cite a Rule for me, JoAnn, if you are making a point of order?

Mr. Rapozo: Mr. Chair...

Chair Furfaro: I am being very flexible.

Mr. Rapozo: Mr. Chair, let me just say...

Ms. Yukimura: Let me clarify one other thing...

Mr. Rapozo: Well, the point was not made. So, in fact, if she does not have a Rule, then I would not even entertain the point.

Chair Furfaro: That is the procedure, and if you let me put my microphone back on. JoAnn, do you have a particular Rule that you want me to take a look at, I would be glad to do it.

Ms. Yukimura: It is our Rule that we have question and answers, and we save discussion for a time of discussion.

Chair Furfaro: Well, then we all find ourselves awkwardly moving from Q&A to discussion and opinion, and so forth. So...

Mr. Rapozo: Mr. Chair.

Chair Furfaro: Your point is taken, but I am going to give the floor back to Mr. Rapozo.

Mr. Rapozo: Mr. Chair, thank you very much, and I will honor the Rule. I will save my comments for discussion, but I would ask that when this meeting is over, you review the minutes of Councilmember Yukimura's discussion during the question and answer period. I am not going to cause a debate or issue. I will save my comments. I will hold it to questions, but I would ask the Councilmember Yukimura, please.

Chair Furfaro: Well, I will say to you, Mr. Rapozo, that I am quite capable of being the Chair here and I think I said I am leaving everybody to have a little *kōkua*, and I did recognize that the discussion points the Ms. Yukimura had were in fact something that we often had no matter if it is on this item, but let us all *kōkua* each other and follow the format. You have the floor.

Mr. Rapozo: Thank you, Mr. Chair. It is just ironic that when it is an issue that is against what she believes, it becomes a Rule. I am going to honor the Rule. Chief, I am going to honor the Rule because I do admit that I was going into discussion. Is it your plan to maintain the D.A.R.E. program with this grant?

Mr. Perry: Yes.

Mr. Rapozo: Thank you. Is it in your opinion, and I think you said it earlier, but I kind of want to know based on your experience here at Kaua'i Police Department (KPD) for how many years now?

Mr. Perry: Could you repeat that?

Mr. Rapozo: How many years are you with KPD now?

Mr. Perry: October is going to be seven (7) years.

Mr. Rapozo: Okay, and then how many years at Honolulu Police Department (HPD)?

Mr. Rapozo: When I ask about the time, as it relates to knowledge or experience with the D.A.R.E. program.

Mr. Perry: Twenty-nine (29) years, and I spent three (3) years with the Juvenile Services Division (JSD) as the Major or Commander of JSD.

Mr. Rapozo: Okay, understanding that the Department of Education is responsible for schools, and Chiefs of Police are responsible for law enforcement and crime prevention, I consider you an expert in that field over the

DOE Superintendent or whoever the heck makes the decisions over there. In your opinion, professional opinion, do you believe for Hawai'i, I do not care about Louisiana and Texas and Denver or anywhere else. On Kaua'i, do you believe that the D.A.R.E. program works for our community?

Mr. Perry: Yes.

Mr. Rapozo: Thank you very much. That is all I have,  
Mr. Chair.

Mr. Hooser: Mr. Chair?

Chair Furfaro: Yes? Mr. Hooser.

Mr. Hooser: If we are going to debate the D.A.R.E. program, we could make an agenda item and have the discussion at a future time?

Chair Furfaro: I would tell you that would be a very good idea and I would encourage it. Submit a written request and we would put the D.A.R.E. program on the agenda.

Mr. Hooser: Okay, but clearly, there are many arguments on both sides of the issue and if we want to have a discussion on that outside of the issue that is on the agenda, then that would be the appropriate form, I believe.

Chair Furfaro: Yes, I guess that is my job, is to understand is the cup half full or is it half empty. I understand your point. Well taken.  
Mr. Rapozo, are you finished? Mr. Kagawa.

Mr. Kagawa: Thank you, Chair. Thank you, Chief for being here. Thank you for the update presentation Stacy. The school officers at the high schools, so there is one (1) at Kapa'a, one (1) at Waimea, and one (1) at Kaua'i High currently?

Mr. Perry: Yes.

Mr. Kagawa: Does the DOE kick in any moneys towards that officer?

Mr. Perry: Right now, no. We support the program entirely. I know at the beginning, there was a grant that allowed for our officers to be in school, but that grant ran out and we took over the program.

Mr. Kagawa: Do they help in other ways like setting up an office with a working computer, et cetera?

Mr. Perry: Yes, within all of the schools, yes.

Mr. Kagawa: Okay.

Mr. Perry: We have a workspace for our officers.

Mr. Kagawa: Does the other Counties have...I mean...

Ms. Perreira: SRO programs?

Mr. Kagawa: Yes, like O'ahu, the Big Island, and Maui, do they have? Because I just want to say that where I am coming from is that I think that it is a great service to the schools and the community.

Mr. Perry: I know that we used to have one in Honolulu at McKinley High School, but that was stopped. I am not sure if Chief Kealoha is moving in that direction again, but I believe on Maui and the Big Island, they have School Resource Officers, but I will have to double check on that.

Mr. Kagawa: Do you think it is another side benefit of having the school officer, there is a kind of relationship that builds between officer and maybe troubled youth?

Mr. Perry: Absolutely. It is very similar to our community policing program where the officers are in the school and their relationship with the students and the faculty is increased. The students do not look at our officers as being adversarial. They form a bond. They form a relationship. The faculty also works with our officers. It frees our beat officers as Councilmember Rapozo talked about, the number of officers on the street. It frees them from going to the schools to handle cases. The cases that are handled in the schools are done at a much personal level so that there is limited amount of emotional disturbance or turmoil, including when the parents come to school, we need to talk with them also. It is a very positive program. I have talked with Chief Kealoha and the rest have promoted the SRO programs. I think on the mainland, throughout the Nation, it has proven itself that it is very beneficial to the students, faculty, and the community.

Mr. Kagawa: Last question, does the SROs help at the middle schools because the middle schools can have problem too? Do they occasionally go over if there are problems?

Mr. Perry: I am glad you asked that because we are working with the DOE towards financing officers within the middle schools because that is the age where they are very impressionable from outsiders.

Mr. Kagawa: Thank you. Thank you, Chair.

Chair Furfaro: Mr. Bynum, you have the floor.

Mr. Bynum: I want to follow-up on the School Resource Officers. You made the point. I wanted to make sure that they pick up a lot of cases right there, and so they also have statistics and data. Years ago, there was a grant. We were not able to staff the junior highs at the time. I was a citizen at the time and I was like, "why did you do this" because was naive about the staffing issues in the Department. So, the question is, they do pick up cases and add to those statistics and help relieve some of the burden, or else I mean, I bet you there is more than a case a day, right, at the school?

Ms. Perreira: Oh, yes.

Mr. Bynum: So, the beat officer would have to be going to school every day. I totally support the junior high when you can do that. The other

point that you made, Chief, is that is also when a lot of young people make their impressions about law enforcement to begin with. So, is that the point you were making?

Mr. Perry:

Yes.

Mr. Bynum: Okay. So, I have a specific question, and this got asked earlier. Just looking at the dollars involved, this is basically, can I just...big picture extrapolate that the cost of six (6) new police officers is seven hundred thousand dollars (\$700,000) a year to the County?

Ms. Perreira: The total cost per year, yes, is about six hundred thousand dollars (\$600,000).

Mr. Bynum: I do not know if that was mentioned earlier because these are entry level salaries.

Ms. Perreira:

Yes.

Mr. Bynum: Sometimes the public does not understand that in addition to the salary and the take home pay, is retirement and all of these things. So, that gives us a sense that a new entry level police officer is about one hundred ten thousand dollars (\$110,000) a year at current cost?

Ms. Perreira:

Yes, including fringe benefits, yes.

Mr. Bynum:

Okay. Thank you very much.

Chair Furfaro: Okay, I think Mr. Bynum summarized that well. Including Payroll, Taxes, and Employee Benefits (PT&E), it is about one hundred ten thousand dollars (\$110,000) per manpower. JoAnn?

Ms. Yukimura: So, just some clarification. Do SRO officers, administer the D.A.R.E. program? I am just trying to clarify to roles of SRO and D.A.R.E. That is all.

Ms. Perreira:

Yes, the three (3)...

Ms. Yukimura: They do? And the D.A.R.E. is in the high school?

Ms. Perreira:

Seventh grade.

Ms. Yukimura:

So, it is in the middle school?

Ms. Perreira: Yes. So, they do provide a service in the middle school.

Ms. Yukimura: So, you have SRO officers in the middle school.

Ms. Perreira:

No, they are primarily at the high school.

Ms. Yukimura:

I see.

Ms. Perreira: And then they do their D.A.R.E. program in the middle schools.

Ms. Yukimura: Okay.

Mr. Perry: They are doing dual roles, whereas in HPD, we have officers that are specific to areas of responsibility. Honolulu does not do dual roles. We do on Kaua'i.

Ms. Yukimura: Okay. Thank you.

Chair Furfaro: Other questions?

Mr. Rapozo: Just one (1).

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. Starting officer salary, because I do not want tomorrow's headline to read "Starting Officer Makes One Hundred Thousand Dollars (\$100,000)." I understand that it was described that it is including benefit because that is always important, but what is the starting officer's salary?

Ms. Perreira: Right now, I believe it is fifty-three thousand dollars (\$53,000).

Mr. Rapozo: Fifty-three thousand dollars (\$53,000). I want the public to know, it is fifty-three thousand dollars (\$53,000), and then you add all of the benefits as you do with every County position. It is one hundred thousand dollars plus (\$100,000), but it is fifty-three thousand dollars (\$53,000) for a recruit. That should be a recruiting tool right now because as all of the millions of people are watching, it is decent pay now and it is a great thing. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: Does that fifty-three thousand dollars (\$53,000) include the Standard of Conduct?

Ms. Perreira: No, I do not believe so. I think including Standard of Conduct and equipment allowance, I think it comes out to about sixty thousand dollars (\$60,000).

Ms. Yukimura: Sixty thousand dollars (\$60,000) starting salary?

Ms. Perreira: Correct.

Ms. Yukimura: So, is that a PO5?

Ms. Perreira: That is a PO5.

Ms. Yukimura: And that is before any overtime?

Ms. Perreira: Correct.



Ms. Yukimura:

Thank you.

Chair Furfaro: So everybody is clear, I will just summarize that. The additional negotiated benefit was about four thousand dollars (\$4,000) per officer. We have about thirty-two thousand dollars (\$32,000) in PT&E and we have a base salary of fifty-three thousand dollars (\$53,000). So, any further questions? No? I really appreciate the update and, Chief, I would certainly like to get you back on the agenda perhaps for a D.A.R.E. item and maybe at that time, we could hear from the Commission.

Mr. Perry:

Yes, sir.

Chair Furfaro: Thank you very much. Okay, we are going to open for public testimony here. Is there anyone in the audience that wishes to testify on this item?

There being no one present to testify on this matter, the meeting was called back to order, and proceeded as follow:

Chair Furfaro: start with yourself.

We will have discussion. Mr. Kagawa, I will

Mr. Kagawa: Thank you, Chair. First of all, I would like to thank KPD for their efforts in securing Federal funds and other types of outside funds. I am going to do my part as a Councilmember to try and help them with funding for the SROs via that State. I believe the State DOE should be paying perhaps at least half of the salaries of that position because it really does wonders to have the officer at the school and keeping the school safe. Having taught at Kapa'a for the past twelve (12) years, the students know that the presence of the officer requires them to know what the limit is on their behaviors. I just think when the behaviors are in check, it is one hundred (100) times easier to teach as a teacher. We have great SROs there. They walk around daily, interact with the students, and I think it just really adds to the safety again. That is so key in public education.

The other thing, I would like to praise the Chief. I think since he has come onboard, I have had numerous requests by myself, by community members, in just basic things such as drug selling at certain parks by homeless or what have you. The situation has been taken care of. Boom. Drive there three (3) hours later, it is gone. People have been arrested and it is just amazing, I think, the change that the Chief has brought over other Chiefs perhaps of the past. I think the officers have done a great job. I think Kaua'i is a lot safer than it was years ago and I really feel like any Department can use improvement, but overall, I am pleased with the Department. Thank you, Chair.

Chair Furfaro: Mr. Bynum, you have the floor.

Any other comments at this time?

Mr. Bynum: Yes, I want to thank KPD and the Chief as well for this presentation. I want to thank Officer Perreira for her fine work on this. I am in one hundred percent (100%) support of this COPS grant and in the expansion of the Police Department. It is clear that expanding the Police Department is going to cost money at a time when it is difficult, but I have been waiting for this day for a long time. I have heard the presentation that

Councilmember Rapozo did today at this table and before that for many years. I think it is totally germane to what we are talking about today because for the first time ever since I have been involved in the County, and that is sixteen (16) years, we are going to put more cops on the street. I think that is a celebration. Yes, it is expensive, but it is something we have to do.

Standard of Conduct was brought up here today. I am very pleased that our police officers have a starting salary including that, of sixty thousand dollars (\$60,000). I think that is real world. That is part of the reason we are fully staffed, along with a whole bunch of other reasons. I think we need to bite the bullet and start planning for the next beat right now. We may not have a COPS grant to cushion the finances, but there is nothing more important in our community than to feel safe, and to get a fully staffed Police Department where our officers are not taxed all of the time because they are filling in the *pukas*. I know they have to step up. Standard of Conduct is, for the general public, it is like, when you are police officer, you are a police officer twenty-four (24) hours, seven (7) days a week, even with your family. If you are at community event and something tragic happens, we will all run and protect our families and run. The police officers will run towards the problem even though they are not on duty. This Standard of Conduct is a minor amount, in my mind, to acknowledge that fact that police officers are different than every other employee that we have in the County. So, I am pleased to support this.

School Resource Officers, what I was going to say was years ago, there was a grant that could have put officers in both the middle school. I kind of naively said, "Hey, what is wrong with you, KPD?" This is like twenty (20) years ago. "Why did you not put these officers? You had this money and you did not even use it." They just could not. They could not sacrifice other parts of the Department. So, to hear today from the Chief that they are actively pursuing placing these officers in the middle schools where I believe young people make their impressions about law enforcement overall, and there is a lot of media and pressure that the negative about law enforcement, and having an officer in the school that is there to assist them and help in a real face, and the other cops, things that I am hearing about of walking beats in Kapa'a. I have seen police officers on the bike path on bike. This is wonderful evolution. Thank you very much.

Chair Furfaro:

Anyone else wanting the floor? Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. One of the things I did not get to finish my sentence earlier, but I talked about the D.A.R.E. program being taken off of the scientific registry from the DOE. At that time, I think I would have agreed that it was not doing what it said it was going to do, but D.A.R.E., to their credit, redid the curriculum, completely redid the program. They were placed back on the registry in 2009. So, I think that is important to hear too, that they had some problems, they had some issues, they had some measureable questions, but they adapted and they are on the registry now, still criticized by some people, but nonetheless, all I care about is if it is working for Kaua'i, as we are in this community here.

The fact that we have to start preparing, and Mr. Bynum said, and I agree that we have to start preparing going forward. It is a tough call. I guess I want to commend the Chief for utilizing his staff, Stacy and everyone else. We know, on this body, that under your command, KPD finally for the first time in history, was able to fill all of the positions. It is hard to retain that accolade because people retire and quit, and whatever, but the bottom line is you were able to bring that up.

You did that prior to the salaries being at sixty thousand dollars (\$60,000) a year. That was done through a very aggressive campaign utilizing the skills from the people in your Department to come up with a plan, whether it was advertising or the videos that were paid. Whatever it was, you were able to reach that goal and I commend you for that because that was never done, as far as I can remember. The other thing is to stick with those programs that receive the criticism throughout the Country like D.A.R.E. The cops in the school program was the one you referenced earlier where we did get funding at one point so the grant paid for the cop for three (3) years in the schools. That went away, but it was a decision by the Department to retain that program. I think from Councilmember Kagawa's comments, it is working in the schools. I mean, that is who you ask. Ask a teacher. Ask the police officer in the school if it is working. Do not ask the bureaucrat sitting at the square building in Honolulu or wherever the heck their office is, that if it is working or not. I think we have to take care of our own and that is where you go. Go to the source. Talk to the kids. I can tell you that I have been blessed with having contact with kids most my adult life. Some accuse me of still being a kid, and maybe they are right, but I can tell you that the respect that these kids have of officers, and not everyone. I mean, obviously, there are a lot of the adults do not respect officer, but the kids that actually grasp onto the philosophy of the various programs, it stays with them and there is a different interaction when they come across police officers. That is success. I do not know how you measure that because the cop does not write a report saying, oh today I met John Doe, Jr. and he was very nice to me, he shook my hand, and he said, "God bless" when he left. The cops do not do that. So, how do you measure that? Well, you measure that by the cops knowing that things have changed and the bad kids, there is not much you can do as far as D.A.R.E. or whatever. For the ones that we can save, the ones that we can build that relationship and repertoire, why would we not? So, I commend you, Chief, for sticking up for that, for what is best for Kaua'i and not Nationally.

I obviously support this, and ask you to continue to look for grants. As we sit here today trying to figure out how to raise revenue, it is nice to see you looking at ways to use the Federal revenue. Granted, the County is going to have to pick up this tab at some point, but it is seven hundred fifty thousand dollars (\$750,000) later that we have to do that. We have seven hundred fifty thousand dollars (\$750,000) of Federal money that we can start moving in the right direction. So, thank you very much, Chief. I appreciate it. Keep up the good work. Thank you, Mr. Chair.

Chair Furfaro:

Mr. Chock.

Mr. Chock: Thank you, Chair. Good work, Stacy and Chief. Thank you so much for moving forward on this and for the update. I really appreciate it and look forward to adding these people and much needed services out onto the road to support our community. I think as Councilmembers, what we are faced with is again, how is it we are going to support this and continue to have it sustain itself? So, for the questions that I think are really relevant is how do we pay for it? I mean, I think it is a relevant question to ask if the DOE can step and partner for the services that they also receive for the students that they are responsible for as well. I have worked hard with the Deputy and the Chief over the past couple of months just in to looking at all of the expenses we have that are shared expenses with our partners, like with the State. We have even had Senator Kouchi step in with us to try and see how we might be able to mitigate and create some real share, which means shared costs, on some of the services that we are putting together because we know we are going to take care of our own here, but we

should all be taking part of it in a larger way. So, I look forward to those outcomes and seeing how we can sustain these people that we are bringing on, but I think we also need to ask some real questions about how it is we are going to do it. We have a workshop tomorrow about taxes. I mean, do we raise taxes or do we cut positions? We have an agenda item today that talks about exercise equipment for seventy thousand dollars (\$70,000). Well, that is one of the positions for a year. So, we have to make some real hard decisions. We have to be creative in how it is we are going to keep them, but I believe we need people on the beat. So, I just want to thank the Chair for his ability to really bring things to light in terms of how we *kōkua* each other because I think it is a hard thing that he has to do, and would encourage us to not look at dissecting the statements and questions that are happening on the moment, but open it up for more discussion and clarity. Approach is everything. Thank you.

Chair Furfaro:

Thank you. Mr. Hooser, you have the floor.

Mr. Hooser:

Yes, thank you, Chair. I want to echo some of the comments made by my colleagues. I will start with, this is a time to celebrate, I think, for the people and especially the people in the Kawaihau District with people all over the community. I have lived in the Kawaihau District for thirty-four (34) years and fortunately, my home has been spared, knock on wood, but neighbors and others in the community have not. Businesses in the Kawaihau District have had to put up with a lot and it is one of the largest concentrations of populations in our community, if not the largest. So, I commend the Chief and the Department for making this happen, and requesting the grant. Again, I think it is a great step forward and we should all be celebrating it, this accomplishment, if you would. I agree that I do not think that police officers get paid enough, especially staring officers. I think mid-fifties, fifty-five thousand dollars (\$55,000) to sixty thousand dollars (\$60,000) is...we have to do that, at least, to get good qualified people, and they deserve it. The issue that Councilmember Chock brings up, I think, is a very real one though. The cost to the County after, I think, four (4) years, is seven hundred fifty thousand dollars (\$750,000) a year. Over four (4) years, it is around two million dollars (\$2,000,000), and that is money that does not come out of the air. That is money that had to come out of the taxpayers' pockets. So, to my knowledge, nobody on this Council objected to this grant or has not objected to it and I do not believe anybody on the Police Commission or the Administration or in the Police Department has objected to it, but I hope they all understand how this had to be paid for and will support this Council in taking those difficult choices, steps forward, that we need to take to pay for it because it is difficult to...it is not difficult. It is just not right to say, "No, no, no. No new taxes," but "yes, yes, yes. We need more of this and more of that." Whether it is this Department or others, I think most people will agree that there is a lot of important functions that we have to support in this County, particularly the health and safety functions which we are here today to talk about. It is a big budget item and we need to find out a way to best manage that process as we move forward, but again, I commend the men and women of the Kaua'i Police Department for the work they do and I am very pleased to see us moving forward with this particular proposal. Thank you.

Chair Furfaro:

Anyone else would like to speak? JoAnn.

Ms. Yukimura:

Thank you, Chair. I very much appreciated the briefing and I want to thank Officer Perreira and Chief for it. It is something I am excited for the Kawaihau District. I did support the COPS grant and I welcome

anybody reading the minutes of this meeting because you will see that I referred to slides for almost every single one the questions that I asked. I feel like I was asking questions about the program itself. I want to make clear that in asking these questions, they are questions I ask every Department in terms of how we measure the effectiveness of our programs, especially when moneys are so tight. We have to make sure that we are using the moneys to get the results that we want in the most effective way. So, that is all I am asking for. I support the SRO program, the School Resource Officer, and even the D.A.R.E. program is not something I do not support, but I am asking how we are measuring the effectiveness of the program, and I do want to commend Officer Ozaki. He has been so committed to the youth of this community and has shared with me, some of the programming and curriculum. I still think we need to measure the effectiveness. So, I feel like it is part of my job to ask about that. I look forward to seeing the results of this new beat, both in terms of the benefits to the people in Kawaihau, and I trust that it will be worth the additional money that we are putting forth, that we will really see a good return on investment in the community and build a foundation for further expansion.

Chair Furfaro: Thank you. Chief, and to the whole staff that is here, thank you very much for the update. I want to make sure we understand, I think there are certain objectives in the grant that give us this operational bonus in the beginning, but there is a lot to say about sharing information with the Police Commission and so forth, and getting them to buy into this as well. It is a lot easier to defend, especially in an environment where we are fighting even for our share of the Transient Accommodation Tax (TAT). Later today, I will be sharing my report of my trip with JoAnn to the Hawai'i State Association of Counties (HSAC) conference of which Mr. Rapozo is President. It was really sharing the issue that is in front of us about public safety and certain support issues that we can make use of the TAT. I also wanted to just ask members, and along the line of the value of *kōkua*. *Kōkua* is important as we have people talk about their particular pieces. I want to recognize that JoAnn had certain grant objectives that she wanted to talk about, and nobody made a bad decision because they had too much information. Think about that for a second. Nobody ever made a bad decision. It is usually when you do not know and you cannot measure the consequence and so forth. So, amongst all of us, I just want to share the message with the Chief that we are going to do whatever we can to make this happen, and the more people we get behind it, the better. So, on that note, I do have a motion to receive, do I not? I do.

The motion to receive C 2014-230 for the record was then put, and unanimously carried.

Chair Furfaro: This item is now completed, and since the Police Department is here, I would like to go to the next item.

Mr. Sato: We are C 2014-231.

C 2014-231 Communication (07/07/2014) from the Chief of Police, requesting Council approval to accept and utilize a Morpho Face Investigate (MFI) Facial Recognition System from the State of Hawai'i Criminal Justice Data Center (HCJDC), valued at approximately \$12,000. The MFI system will be utilized to analyze and compare existing mug shot photos stored within the State of Hawai'i Offender Based Tracking System or Demographic Data Entry System, and is utilized by each County Police Department and other State of Hawai'i law

enforcement agencies: Mr. Kagawa moved to approve C 2014-231, seconded by Mr. Bynum.

Chair Furfaro: I have a motion to approve and a second. On that note, Chief, are we going to have any feedback from the Department? I would like to suspend the Rules now then, and we will take your commentary. Please come up, Officer. Sergeant, you just need to introduce yourself when you come up.

There being no objections, the rules were suspended.

ANTHONY J. MORITA, Kaua'i Police Department Ating Lieutenant:  
Good morning everyone. Thank you for allowing me the opportunity to attend here. Hi, good morning. I am Sergeant Anthony Morita, Kaua'i Police Department. Thank you.

Chair Furfaro: Well, do you want me to pose the first question?

Mr. Morita: Yes.

Chair Furfaro: I will ask it.

Mr. Morita: Sure.

Chair Furfaro: Okay. So, this equipment will tell the difference between myself and Frank Delima?

Mr. Morita: It should, yes. You have similarities, but it should decipher of who is the real Mr. Jay Furfaro.

Chair Furfaro: So, Sergeant, could you please give us a little more information about the system?

Mr. Morita: Yes, sure. Basically, the Hawai'i Criminal Justice Data Center, which is assigned to the State of Hawai'i Department of the Attorney General, they are basically the record keepers of all of the arrest records and mug shot photos within the State. So, they acquired a Federal grant to purchase the different systems, which they are planning so supply for each County Police Department, including ourselves. With the new system, it correlates with or Automated Finger Identification System (AFIS), which is for fingerprint identification. So, basically, with the system, it will allow the investigator or the specialist the ability to obtain photos of potential suspects to a crime, and be able to match existing photos within a database to a possible suspect or person of interest.

Chair Furfaro: Specifically, the system that this grant is going to secure for us at approximately twelve thousand dollars (\$12,000), this is a system that is actually placed in the Department?

Mr. Morita: Yes.

Chair Furfaro: Okay. Give me an example of the most beneficial use that the Department will have. Is it for suspects who have been retained and they will be, I guess, face photoed to look at the similarities, and then

electronically, if it references someone other than they introduced them as, you would actually get a profile...

*(Mr. Rapozo was noted as not present.)*

Mr. Morita: Yes, basically...

Chair Furfaro: ...of criminal records or what happens?

Mr. Morita: Yes, it is a tool that will help the investigator determine a possible suspect or suspects. So, it is a way to verify identity, not to confirm it because there are different forensic and scientific standards, but it is a tool that will help distinguish or limit a pool of potential suspects, and thus far, allowing the investigator to maybe pose a photo lineup of certain individuals. So, it is definitely a tool that is being used throughout the Nation. The training is actually supported and done by the Federal Bureau of Investigation (FBI). It is a system that right now in the State of Hawai'i, Honolulu Police Department is the only agency that is utilizing this system. From the information that I have gathered, they have had a lot of success with the system. In its infancy in the State of Hawai'i, it is only going to be tied into the Hawai'i database which is composed of over four hundred thousand (400,000) mug shot photos, but eventually they are trying to get in line to what is going to match up with the FBI system, which is done Nationally. We have a lot of transients that come from the mainland and whatnot. So, if they are somehow involved in a crime, we will have a larger pool to draw from as far as trying to find out the identity of a suspect.

Chair Furfaro: So, this is currently used by agencies like the FBI...

Mr. Morita: Yes.

Chair Furfaro: ...and I assume that the Department of Justice has reviewed this whole process, and they do not see legal challenges.

Mr. Morita: I am sure there is always legal challenges that comes up from time to time, but no. It is supported by the FBI. Basically, this system is under the umbrella of the FBI.

Chair Furfaro: Questions members? Mr. Kagawa, did you have a question? You have the floor.

Mr. Kagawa: Well, my question was going to be what you just said in your last statement. So, it is not tied into National...

Mr. Morita: Not yet.

Mr. Kagawa: It is like if a person has a business and you have a security camera, and has, I guess, a blurry picture of the person's face and they submit that to you folks, then would that be able to trace possibly?

Mr. Morita: Yes, possibly.

Mr. Kagawa: Possibly.

Mr. Morita: There is software that they can further enhance the image.

Mr. Kagawa: Okay.

Mr. Morita: It is not one hundred percent (100%) a guarantee, but it will better assist us in trying to...and with the software, it also includes an option where you can change the direction of the image of the person's face. There are target areas on that face that you would punch into the system and hopefully comes up with a match.

Mr. Kagawa: Thank you. That sounds exciting. I am glad we are trying to go with new technology. Thank you.

Chair Furfaro: Mr. Hooser, and then JoAnn Yukimura.

Mr. Hooser: Thank you for being here today. I do have some concerns in terms of privacy concerns, that kind of thing. So, I will just put that on the table right away. You said there was four hundred thousand (400,000) mug shots right now?

Mr. Morita: Yes, approximately.

Mr. Hooser: And that is from the State of Hawai'i?

Mr. Morita: Yes.

Mr. Hooser: And those are convicted felons?

Mr. Morita: Both. It is not just convicted felons. Whoever has been arrested and has an arrest history, basically.

Mr. Hooser: And how far does that go back?

Mr. Morita: I am not sure how far it goes back.

Mr. Hooser: I mean, ten (10) years, twenty (20) years do you think maybe?

Mr. Morita: I would say over ten (10) years at least, conservatively.

Mr. Hooser: Over ten (10) years. So, if somebody was arrested ten (10) years ago, but was not convicted, their photo would show up on this?

Mr. Morita: It is stored in a database.

Mr. Hooser: Right.

Mr. Morita: So, if I am looking at a photo and I am trying to determine who this person is, basically I would input the photo into the system, and it would do a search based on the photo and specific targets on the person's face that was inputted, much like what a specialist would do when trying to compare



fingerprints. So, at that point, the system would do a search and pull up about fifty (50) possible persons of interest.

Mr. Hooser: But the four hundred thousand (400,000), do you know if that is felonies or misdemeanors or convictions or just arrests?

Mr. Morita: I would say it is anyone that has been arrested. It does not matter if they were convicted or not.

Mr. Hooser: So, it could have been a misdemeanor arrest?

Mr. Morita: It could, yes.

Mr. Hooser: Okay. Help me understand the parameters in which the system would be used. So, I understand if someone breaks into, let us say the example of Mr. Kagawa. Someone breaks into a business, they have video of a suspect. That is one example, is that correct?

Mr. Morita: Yes.

Mr. Hooser: Then that video would be scanned on this.

Mr. Morita: Yes.

Mr. Hooser: Are there other instances? So, you would be able to scan a video of a crowd, let us say this audience here, and do a video of this audience, run it through the system, and know who has ever been arrested or not?

Mr. Morita: I think the system is only specified per person that you are targeting. It is not like you are going to scan a whole photo of different faces and run all of those photos. If you are selecting one (1) person that you are specifying or looking at, then the system will do the check based on that.

Mr. Hooser: Based on the one (1)?

Mr. Morita: The one (1) photo, yes.

Mr. Hooser: So, it is kind of like Facebook?

Mr. Morita: So, it is not essentially seeing what the arrest or the convictions history is for that. There is a different system that has that information.

Mr. Hooser: Pardon me?

Mr. Morita: All the system...when you are viewing the photos, it is not going to show up as far as what this person may have been arrested for or may have been convicted for. That is a separate system that...

Mr. Hooser: That does it?

Mr. Morita: Yes. All this system is for is just to identify who you are trying to identify.

Mr. Hooser: So, the system is not capable of scanning, let us say, this room to determine...let us say there were three (3) people in the room that had been arrested before and had a mug shot on file.

Mr. Morita: Okay.

Mr. Hooser: So, is the system capable of looking at a crowd shot to determine who in that crowd has a record?

Mr. Morita: This system is not developed to a target or to say who had been arrested. The system is used so that you can identify a possible suspect who may have been arrested. So, like I said, it is not like you can put in a video and whoever is in that video, it is going to do a scan and give you possible matches.

Mr. Hooser: So, it is not capable of doing that?

Mr. Morita: No, you have to choose one (1) person at a time, basically.

Mr. Hooser: Okay. So, if you do a crowd of thirty (30) people, you would choose one (1) person at a time, and it would scan the entire database?

Mr. Morita: Yes.

Mr. Hooser: And then tell you who has ever been arrested, I guess?

Mr. Morita: It will give you a possible match of...

Mr. Hooser: Right, right.

Mr. Morita: Yes, people that look alike, similar.

Mr. Hooser: I know it is not definitive.

Mr. Morita: Yes. That kind of answers your question.

Mr. Hooser: Thank you. Thank you, Chair.

Chair Furfaro: Chief, did you want to add something to that response?

Mr. Perry: Yes, the program is meant only to go after suspects who have committed a criminal act. In situations like for example, 7-11, somebody comes in and they do a hold up or something. We look at the image, but it is not to go out and do surveillance of individuals and to identify or to use that information...in fact, it cannot. It cannot do that. It is only specific to photographs with regard to suspects in a criminal matter. It is a tool to be used by our investigators.

Mr. Hooser: Just a follow-up.

Chair Furfaro:  
follow-up, Mr. Hooser.

I am going to leave it with you for now as a

Mr. Hooser: Just to follow-up, just to be clear on my question. My question was is it capable of, not what it was intended to be used for. So, that basically was the question.

Mr. Perry: Policies and procedures...I do not know if it is capable of doing that.

*(Mr. Rapozo was noted as present.)*

Mr. Hooser: Right.

Mr. Perry: I do not think it is capable...

Mr. Hooser: Right, that is the question.

Mr. Perry: ...to do that. Policies and procedures restrict us from doing that.

Mr. Hooser: Right, but policies and procedures are subject to change. So, what I am trying to figure out is what the capability of it is. I understand your policies and procedures are not intended to have it used in that way at this point. Thank you. Thank you, Chair.

Mr. Perry: And the policies and procedures follows our Constitution and restrictions on privacy with respect to the Fourth Amendment. So, we are very restricted in how we can use that, but I really do not know what the capabilities are, but it is designated to identify suspects in criminal matters.

Chair Furfaro: Councilmember Yukimura was noticed next, and then Mr. Bynum. No? Okay. You do not think I was...

Mr. Bynum: I do not think I need to ask a question.

Chair Furfaro: Oh, okay. I thought you were challenging if I had the order right.

Mr. Bynum: No, no.

Chair Furfaro: JoAnn, you have the floor.

Ms. Yukimura: Thank you. Thank you, for your presentation. So, are there other related costs to this, I mean, like maintenance and so forth, and who will take care of that? I am trusting they are not any big amounts.

Mr. Morita: Yes, basically, there is a one (1) year manufacturer's warranty, and then after that period, we would have to purchase an additional warranty to cover it.

Ms. Yukimura: Maintenance?

Mr. Morita: Yes, maintenance fees, upgrades, and whatnot. Basically, that is a little over one thousand dollars (\$1,000) per year.

Ms. Yukimura: Okay.

Mr. Morita: One thousand six hundred seventy-nine dollars (\$1,679) per year and then a five percent (5%) additional fringe for every year thereafter.

Ms. Yukimura: Okay, and training is necessary?

Mr. Morita: Yes.

Ms. Yukimura: So, that is being paid for by?

Mr. Morita: The training will be conducted by the FBI.  
So, we will have...

Ms. Yukimura: So, that is provided for by them? It is not a cost?

Mr. Morita: Yes, the training is provided and paid for by the FBI.

Ms. Yukimura: Okay.

Mr. Morita: In order for us to attend the training though, there will be a cost for that. That is on a separate island. It will be on the island of O'ahu.

Ms. Yukimura: I see. Okay, so the travel cost for training will be...

Mr. Morita: Travel cost, basically.

Ms. Yukimura: ...covered by us?

Mr. Morita: Yes.

Ms. Yukimura: Are you going to train everybody in the Police Department?

Mr. Morita: No.

Ms. Yukimura: You are just training the unit that does the investigation?

Mr. Morita: Yes.

Ms. Yukimura: I think I heard you say that in matching for identification, the other information is not readily available. I mean, past arrest history et cetera, unless there is a probable cause for a suspect, and then you can gather that information.

*(Mr. Kagawa was noted as not present.)*

Mr. Morita: In order to search someone's criminal history per say, it is in a separate system.

Ms. Yukimura: I see.

Mr. Morita: This system is just for identification purposes.

Ms. Yukimura: Okay. So, it just gives you basically, you have a suspect's mug shot or photo, you are trying to match it with the inventory of photos you already have, and if you find what looks like a match, all it will give you is the name?

Mr. Morita: It will give...

Ms. Yukimura: Or does it give past history and all of that?

Mr. Morita: It does not give past history. I believe it will give the name and the mug shot photo.

Ms. Yukimura: Right.

Mr. Morita: But no past history. In order to research that information, you would have to go into a separate system.

Ms. Yukimura: Okay, and that is under your regular regulations regarding investigations, or rules and policy?

Mr. Perry: Correct.

Ms. Yukimura: Okay, alright.

Mr. Perry: For example, if a photograph matched a burglary suspect and you had to go to a separate system, and you look at his or her history, and you find out that this person has been arrested thirty (30) or maybe about one hundred fifty-three (153) times for burglaries. It might give you an indication that this is the person that should be a person of interest that you would go after.

Ms. Yukimura: Okay. So, when you talk about lots of success, you said Honolulu is having a lot of success.

*(Mr. Kagawa was noted as present.)*

Mr. Morita: They have been having success. I do not know if I remember saying "lots of success," but yes, it is definitely helping them with their investigations. I cannot give you a specific measurable amount at this point because some of that information is confidential, but the Administrator from the Hawai'i Justice Data Center, Lori Kaneshiro, confirm via E-mail to me, that yes, they have had a lot of...

Ms. Yukimura: It has been of use to the police in their work and...

Mr. Morita: Yes, been very useful, yes.

Ms. Yukimura: Okay. I appreciate that you understand the need for measurable indicators or whatever. So, thank you very much.

Mr. Morita: Thank you.

Mr. Perry: Just one (1) more thing about the training. The individuals trained to use this system will have to be certified so that when you go to court, you will have to testify on how you were able to use the program, how it is being used, and the rest of it.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. I apologize I had to step out, but did you talk about the automated fingerprinting system?

Mr. Morita: I mentioned it, yes.

Mr. Rapozo: Oh, okay. So, it is similar, right?

Mr. Morita: Yes.

Mr. Rapozo: It is almost identical. Rather than a fingerprint, you are using a photo?

Mr. Morita: Yes, it has similarities, definitely.

Mr. Rapozo: Okay. The other question is, the maintenance, and again, I apologize...did you bring up the maintenance contract?

Mr. Morita: Yes.

Mr. Rapozo: I see there are two (2) options, 8 x 5 or 24 x 7, and I thought I heard you say when I walked in, that you were looking at the 8 x 5?

Mr. Morita: 8 x 5, yes.

Mr. Rapozo: Which means eight (8) hours a day, five (5) days a week?

Mr. Morita: Yes.

Mr. Rapozo: Your bookings occur twenty-four (24) hours a day, right?

Mr. Morita: Yes.

Mr. Rapozo: And your investigations occur, so I guess for eight hundred dollars (\$800) more a year, you can get the twenty-four/seven (24/7).

I would highly recommend or suggest that you consider that option because if the thing goes down and you do not have access to the technological support, that could be the case. I always think that way. Do you know Murphy's Law? The time that you really needed the thing to work, it does not and you do not have nowhere to call. I would suspect that if you go outside of the 8 x 5 window, they will probably charge you. I would assume, like typical service contracts. If you buy the 8 x 5 plan and you call at 11:00 p.m., and because of the time differences, it is always a questions because your 8 x 5 might not be their 8 x 5. They would probably charge you, right?

Mr. Morita: Yes.

Mr. Rapozo: So, I would just seriously, I mean, for the extra eight hundred dollars (\$800) a year, try and take a look at the 24 x 7. I think as far as your operators, it is frustrating if you cannot get the thing to work and no one to call.

Mr. Morita: We will consider that.

Mr. Rapozo: That is all I have. Thank you.

Mr. Morita: That is a good point. Thank you.

Chair Furfaro: I think Mr. Rapozo brings up a very important fact. I mean, we are having very difficult financial times, agreed, but an extra seventy-five dollars (\$75) a month to have the service on Saturdays or a weekend of a holiday, that is almost too frugal.

Mr. Morita: Yes.

Chair Furfaro: That is almost too frugal. Any more questions here of the Sergeant? Thank you very much. I will excuse you.

Mr. Morita: Thank you.

Chair Furfaro: I will see if there is public comment. Is there any public comment?

There being no one to provide public testimony, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: I will go into discussion. Mr. Bynum, you have the floor.

Mr. Bynum: I am going to be in support of this today, but I do want to make some comments. In 1974 I read 1984, and we have arrived. The disclosures at a National level about the intrusion into our privacy by the government. I figured there were these big disclosures, oh the government is listening to your phone calls, and they are doing this. I assumed that was happening. We have already gone there. This is a system though...and so that is a bigger issue. I have some Civil Rights concerns about that, but there are on a National scale. This is a tool that our Police Department can use, it is state of the art, and it is the state of where we are at in law enforcement. I have, overall, a lot of faith in our Police Department of following the policies and procedures and using this tool as intended. I am going to be in full support of this, but I do want to put on

record some concerns that there is a potential for misuse. I think that is where Councilmember Hooser was going. For us to not take advantage of these tools to keep our community safer, would not be the appropriate decision. The Chief answered those questions. There are policies and procedures that need to be consistent with Civil Rights and our United States Constitution. That is the responsibility of our Police Department. I trust them to do that, and I am glad that they will have that availability to use this tool.

Chair Furfaro:

Mr. Kagawa.

Mr. Kagawa: Thank you. I will also be supporting this. My favorite show is Hawai'i Five-0. It works well on every case, but seriously, I am thinking about it because Honolulu has had some crime sprees in the recent months, and they have had a lot of those shots by business owners of pictures of these people, and it is difficult to find it, but I think perhaps they are solving these cases by using this system that you are asking for. I am thinking, I am glad that Kaua'i does not have these crime sprees like O'ahu, but who knows when it might happen. If we do not have the tools such as these to help solve these cases for our business owners, I mean, think about all of the manpower that it is going to take to try and catch this person that perhaps could not be needed if we had the proper, I guess, tools for our detectives to solve these cases. So, therefore, I am in strong support. I am in strong support of any technology that can help our KPD keep our community safe. Thank you. Thank you, Chair.

Chair Furfaro: Thank you. Any additional comments? If not, the motion here is to approve. I do have a first and second on that. I would like to do a roll call, please.

The motion to approve C 2014-231 was then put, and carried by the following vote:

FOR APPROVAL:	Bynum, Chock, Hooser, Kagawa,	
	Rapoza, Yukimura, Furfaro	TOTAL – 7*,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kaua'i, Mr. Hooser is noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Mr. Sato:

Seven (7) ayes.

Chair Furfaro: We have seven (7) ayes. On that note, it is five (5) minutes of 11:00 a.m. Before I start a new item, I would like to take the caption break here. Members, ten (10) minutes.

There being no objections, the Council recessed at 10:56 a.m.

The meeting was called back to order at 11:11 a.m., and proceeded as follows:

Chair Furfaro: We are back from recess and a caption break. May I have the next item read, please?



Mr. Sato:

Chair, we are in the middle of page 2.

C 2014-232 Communication (07/10/2014) from the Director of Planning, transmitting for Council consideration, the Planning Commission's recommendation to amend Chapter 8, Article 2, Kaua'i County Code 1987, as amended, relating to the Comprehensive Zoning Ordinance, to incorporate non-zoned lands in the County of Kaua'i Agricultural Zoning District. (*Copies of the Zoning Amendment (Map), Planning Department Director's Report, Agency Comments, and the Minutes of the May 25, 2014 and May 27, 2014 Planning Commission Meetings on file in the County Clerk's Office.*)

(*Mr. Kagawa was noted as not present.*)

Mr. Sato:  
to the Planning Commission.

We did receive a request to re-refer this back

Chair Furfaro: Okay. That request came from Planning, right? Okay, very good. Members, we have a request to refer this back to the Planning Commission.

Mr. Bynum move to refer C 2014-232 to the Planning Commission, seconded by Ms. Yukimura.

Chair Furfaro: I have a second. Is there anyone in the crowd wanting to testify on this item?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

The motion to refer C 2014-232 to the Planning Commission was then put, and unanimously carried (*Mr. Kagawa was noted as not present*).

Chair Furfaro: Next item, Scott.

C 2014-233 Communication (07/31/2014) from the Housing Director, requesting Council approval to decline the County's option to repurchase Unit No. 608, Ho'okena at Puhi, located at 2080 Manawalea Street, Līhu'e, Hawai'i, and to grant the owner a one-year waiver of the buyback and allow the market sale of the unit: Mr. Rapozo moved to approve C 2014-233, seconded by Ms. Yukimura.

Chair Furfaro: I have a motion to approve and a second from JoAnn. Anyone wanting to testify on this?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Chair Furfaro: Discussion?

The motion to approve C 2014-233 was then put, and unanimously carried (*Mr. Kagawa was noted as not present*).

Chair Furfaro:

Next item.

C 2014-234 Communication (07/31/2014) from the Housing Director, requesting Council approval to decline the County's option to repurchase Unit No. 701, Ho'okena at Puhi, located at 2080 Manawalea Street, Lihu'e, Hawai'i, and to grant the owner a one-year waiver of the buyback and allow the market sale of the unit: Mr. Rapozo moved to approve C 2014-234, seconded by Ms. Yukimura.

Chair Furfaro: I have a motion to approve and a second. Anyone in the audience wanting to testify on this?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

(Mr. Kagawa was noted as present.)

The motion to approve C 2014-234 was then put, and unanimously carried.

Chair Furfaro:

Next item.

Mr. Sato:

It takes us to page 3.

EDR 2014-03 Communication (08/06/2014) from Mayor Carvalho, transmitting for Council consideration, the following bills to be included in the 2015 County of Kaua'i and Hawai'i State Association of Counties (HSAC) Legislative Packages:

- A Bill For An Act Relating To Evidence;
- A Bill For An Act Relating To Taxation; and
- A Bill For An Act Relating To Zoning.

Chair Furfaro: It is my understanding that we will act *ad seriatim* on these items individually.

Mr. Hooser moved to act *ad seriatim* on the Bills individually, seconded by Mr. Rapozo.

Chair Furfaro:  
Mr. Rapozo?

Made by Mr. Hooser, second was that

Ms. Yukimura:

Yes.

Chair Furfaro: Very good. We will do to the first item, please. "A Bill For An Act Relating To Evidence."

The motion to act *ad seriatim* on the Bills individually was then put, and unanimously carried.

Chair Furfaro: Thank you for the staff for reminding me. Now we are back to the Bill relating to "A Bill For An Act To Evidence."

Mr. Kagawa moved to approve "A Bill For An Act Relating To Evidence," seconded by Mr. Rapozo.

Chair Furfaro: I have a motion to approve and a second.  
Discussion? Mr. Bynum.

Mr. Bynum: Yes, we discussed this last time so I am not going to belabor it. I had mentioned Civil Rights issues on the last issue, and there is testimony from the Hawai'i State Supreme Court. I was going to bring it up here in the iPad, but Wi-Fi broke, that I read from last year that had really serious concerns. I looked at the legislation that is cited by everyone. I am very familiar with that legislation about child abuse, allowing victims of child abuse to do video testimony, but when our State Supreme Court Committee on the Rules of Evidence says, "We have problems with this and recommend against it," I need to know a lot more before I could support this. So, I intend to vote against this today.

Chair Furfaro: JoAnn.

Ms. Yukimura: I am thinking that child abuse cases would be special and different. For purposes of crimes against visitors, I think this can work and we did receive information between this meeting and last week's meeting that cross examination is allowed and it is interactive. So, I feel like for these purposes, this process should work.

Chair Furfaro: Further discussion? If not, I would like to call a roll call vote on this item, please.

The motion to approve "A Bill For An Act Relating To Evidence" was then put, and carried by the following vote:

FOR APPROVAL:	Chock, Kagawa, Rapozo, Yukimura,	
	Furfaro	TOTAL - 5,
AGAINST APPROVAL:	Bynum, Hooser	TOTAL - 2,
EXCUSED & NOT VOTING:	None	TOTAL - 0,
RECUSED & NOT VOTING:	None	TOTAL - 0.

Mr. Sato: Five (5) ayes.

Chair Furfaro: 5:2. Next item is "A Bill For An Act Relating To Taxation."

Ms. Yukimura moved to receive "A Bill For An Act Relating To Taxation" for the record, seconded by Mr. Rapozo.

Chair Furfaro: I have a motion to receive and a second.  
Discussion members? Mr. Kagawa.

Mr. Kagawa: Yes, thank you. As I stated last week, our number one priority heading into the next legislative session is to get the cap removed on the TAT and to get the ten million dollars (\$10,000,000) additional revenue back into our County. I believe it has been two (2) years since the cap has been there and we are struggling without the full TAT. Because we are struggling, our reserve has disappeared and we cannot fund some things that we wanted to fund. I believe that this Bill relating to the General Excise Tax would give the

Administration an option going into the next budget session should the legislature not fund us again on that TAT that we are supposed to have. It is not my recommendation that we approve the General Excise Tax at this time, but who knows going into the next budget session, what the constraints are. We are already, I think, the projects was five million dollars (\$5,000,000) in the hole right now. You minus our reserve and next year's expenses that are projected to rise. We are already today, in the hole, five million dollars (\$5,000,000). Now, what do we do? If we do not get the TAT, we do not do General Excise Taxes (GET), that means we need to raise property taxes or some kind of fees to make up that five million dollars (\$5,000,000) just to break even. Bond rating is going to go down again, or the other option is we make severe cuts to the budget. That will mean some reduction in services. So, there is a number of scenarios that can play out next budget session, but I would like to have the full deck of cards if I am the Mayor to see what do I do. What is my proposal? We are not in the Mayor's position to make that proposal. We have to give the Mayor or the Mayors of each County, because everybody is facing that dilemma without getting the TAT. The legislature really has put us behind the 8-ball. I hope and pray that they will see that the Counties are struggling without that and we need to have support from them for the tourist industry. So, again, I will be supporting this only to give the Mayor enough options heading into next budget session, which will be the toughest in the history of the County of Kaua'i. Thank you, Chair.

Chair Furfaro: Mr. Bynum, and again, just a reminder, the motion on the floor is receive. Am I correct?

Mr. Sato: Correct.

Mr. Bynum: Well, I am going to be in favor of the motion to receive and I made extensive comments about this. This is a proposal to increase the GET to support County government. It dismays me that Councilmembers at this table have voted repeatedly not to increase taxes for business, not to accept the Mayor's tax proposal for hotels and resorts to protect business, and not to put forward probably Bills that you will see today, which are revenue options that the Mayor is asking for. This revenue option, let us do this one. This one, that will dip into your pocketbook every single time you open it. This is the most regressive tax in the history of the planet, I think, and the idea that I have sat at this table for years and watched people refuse to tax industry to pay their fair share, and then we have a huge hole taken out of our budget by visitors no longer contributing to the services we provide them, and then we are going to fill that hole with a regressive GET? No way. I will never support GE to fund any level of County services. It is almost, in my mind, I just...there is what people say and there is the public record of what the votes actually were. They need to match. So, I am just dismayed that Councilmembers who would not support other revenue options to protect the business would just do this to take at half a percent (0.5%), what did we hear last year? Four million dollars (\$4,000,000) even at a half a percent (0.5%) from local people. Every time you get a haircut, every time you buy gas, and every time you pay rent, the County wants a piece of it. No.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. I am not going to support the motion to receive. I inadvertently seconded the motion out of habit and I guess I had a blank moment. So, I do not know what the process is. I am not sure if a motion to approve trumps that, but we will deal with that. I have asked the

staff to take a look at that. I am not going to sit here and argue with Mr. Bynum. First of all, this is not a half percent (0.5%). This, I believe, is a one percent (1%). Second of all, this is not just taking money out of your pockets. It is sharing the burden throughout everyone, visitors and residents alike. The other thing is this is just the authority. This is not passing a Bill that will generate the revenue and get it to the County. This is an authority vested in the Counties which would have to be approved by the City and Council at that time. I will tell you today, if this was in place right now and the Mayor came over to us and said, "I want to raise the GET or I want to take the GET of a half percent (0.5%), three-fourths of a percent (0.75%)," I would vote "no" today. This is the authority, another tool in the toolbox that the County has, rather than running around this place and raising every single tax and fee, that we would have an ability to sit back and say, "Hey, let us share the expense with everyone that comes to this island, tourist and residents alike and not just limit the increases to residents and homeowners." It is a tool for the toolbox. By approving this Bill or supporting this Bill, just gives the City and Council and the Mayor, the opportunity, that if you need to exercise this, you have that ability. You also have the right, if this passes, to vote "no" if you are on the Council. If you are in the majority, then it does not happen. So, I believe it is another tool for the toolbox. I am obviously not going to support the receipt. I hope others will. I really want to kick myself for seconding the motion, but I did. So, I have to deal with the consequence. However, I will say that this is, in my opinion, an opportunity for this Council to say, "Hey, you know what? Let us spread it out if we need to." I also do not want to limit the use of these funds for any specific purpose. I do have a little trouble with the text as it is only limited to certain things, but I can live with what is in this proposed Bill. So, I will not be supporting the motion to receive and I am hoping that I will have an opportunity to make a motion to approve. Thank you.

Chair Furfaro: Before we go any further from a procedure wise, are you wishing to withdraw your motion?

Mr. Rapozo: If that is appropriate, Mr. Chair, I would definitely. I am not sure if that is possible. We can ask the Parliamentarian.

Chair Furfaro: No, I want to ask the question...

Mr. Rapozo: Yes.

Chair Furfaro: ...and then I will figure out if it is appropriate by checking with the Rules.

Mr. Rapozo: If that is the legal move, then I would definitely do that.

There being no objections, the Council recessed at 11:24 a.m.

The meeting was called back to order at 11:25 a.m., and proceeded as follows:

Chair Furfaro: We have already entered into discussion. The motion was made. We will have to go through it and then in fact if Mr. Rapozo chooses to vote "no" on the motion, then that is his prerogative, but we have started discussion. So, I will recognize Mr. Hooser.

Mr. Hooser: Yes, Chair. Thank you very much. Just to be clear for the public's clarity and for everybody's clarity here, this is a motion to

receive. So, a vote to support a motion to receive is a vote to kill this proposal to raise General Excise Taxes or give the County the ability to raise General Excise Taxes. So, anybody who votes "yes" is voting opposing the General Excise Tax, right?

Ms. Yukimura:

Yes.

Mr. Hooser: And yeses will be voting for provide that tool, if you would. There is enough confusing redderick at the table and I will try not to add to that, but I will try to bring some clarity to that, if you would. There is no question, every economist with a degree will tell you that the General Excise Tax presents a greater burden on working people and lower income people than anyone else. It is a very regressive tax. That is clear. All of the textbooks, all of the classes on taxations will tell you that, that it is a very, very regressive tax. Working people and local people will pay a greater share of the burden then the rich person on the hill. There is no question about that. So, if we are talking about sharing the tax burden, we are really talking about shifting the tax burden to working people and to low income people. That is what we are talking about. It is not sharing, it is shifting. It is shifting it away from business, away from higher income people, to middle class working people. It is a tax on rents, it is a tax on commissions, it is a tax on food, and it is a tax on every single thing that we buy in our community. I refuse to support that tax at this table today. So, I will be voting "yes" to receive. Let us not fool ourselves either. This is not the Mayor's decision. We are not giving the Mayor a tool. This is the Council's decision. The Council is the one that votes to raise taxes. The Mayor does not vote to raise taxes. So, to say that we are going to let the Mayor make this decision, is absolutely incorrect. The Mayor does not make this decision, will not makes this decision. It will be the Council's decision. This is a bad tax, it is a bad proposal, and I for one, will not support it. Thank you.

Chair Furfaro: Anyone who wants to speak who has not spoken yet on this? JoAnn, you have the floor.

Ms. Yukimura: Yes, thank you. I appreciate the clarification from Councilmember Hooser. So, a vote against the motion on the floor, against the motion to receive, is a vote to keep alive this proposal to raise taxes. So, a "no" vote is a vote to raise taxes, a "no" vote followed by a...

Chair Furfaro: You know what? You should have left Gary's statement the way it was. You have everybody....go ahead. I am sorry. Go ahead. Try and clarify that one more time, JoAnn.

Ms. Yukimura: Thank you. This idea that, I think, Councilmember Rapozo is presenting that oh, we want the power, but we might not use it, as if that would mitigate the impacts of passing this. That was the arguments the Mayors made last year before a joint Committee of Finance and Ways And Means. Sylvia Luke, Representative Luke, who is Finance Chair, said, "Do not come to us telling us this that you might use it. If we give it to you, that means we, the legislature, cannot use that as a tool. We are not going to give it to you if you might use it." She really chided at the Mayors for that kind of approach. So, it is not a very convincing approach. I for one, would prefer to use that money for the people who were going to be most affected, the poor and working class, earmarked for public transportation because they will get the benefits, and far more benefit than they will lose if they can save two thousand five hundred dollars (\$2,500) to five thousand dollars (\$5,000) a year, especially when gas goes up. So,

we need to craft a legislative package that makes sense to the legislature in order to obtain that power from them. So, this proposal by the Mayor, for a General Excise Tax that can be used for several different things, which will, I guarantee you, morph into a generalized tax when it goes before the legislature, is not the way to go. Actually earmarking for public transportation will release a lot of the General Funds, four million dollars (\$4,000,000) that we now use from the General Fund, so we can use it for other purposes such as housing. So, it is much better to earmark it to sit on the premise of that City and County has right now, half percent (0.5%), surcharge goes to their rail, which is public transportation in their form. That is a much better approach. Therefore, I will be opposing this proposal for a half percent (0.5%), essentially general purpose General Excise Tax because it will hurt people who can least afford it, the lower income and working class people, and they will not get commencement return on that investment.

Chair Furfaro:

Mr. Chock.

Mr. Chock: Thank you. I will be focused on getting us unified around the TAT, and that is what I think our best option is. This may not get into HSAC now. It will be the last resort of me to try and balance this County's budget. I will not tax the poor in order to balance this budget for us, but we have time. I think what we need to focus on is what is it we agree upon, and put that forth. I think that is the direction we are headed. So, let us focus on those things. At this time, I will vote to receive. Thank you.

Chair Furfaro: Anyone that did not speak yet? Anyone wants to speak a second time? Mr. Rapozo.

Mr. Rapozo: Thank you. I think it is important the public understands that this says. First of all, it is not a half a percent (0.5%), it is up to one percent (1%). Mr. Hooser is correct. The Council would set it, not the Mayor, but it also limits the use of these revenues for improving County infrastructure, which is one of the biggest complaints we have, the roads. Right, Mr. Mickens? Funding public transportation, which should satisfy Councilmember Yukimura. Expanding County housing services, which I think is another much needed area, and making facility improvements intended to comply with the Americans with Disabilities Act (ADA). That is the limit of what these funds can be used for. The one percent (1%), and I understand what Sylvia Luke said. There are a lot of things that are said at the legislature during the session, that Luke and Ige both told us they are not giving us anymore of the TAT. So, do we give up the fight? No. We keep going and we keep letting them know, and justifying the request, but I think it is important. I mean, we talk about taxing the poor people. I take offense to that comment because that is not what we are doing. You are going to charge people more for picking up their rubbish. That is taxing the poor people too, but that is okay. This is taxing everyone that utilizes the service here on the island up to a penny for every dollar spent. A penny for every dollar. So, again, would I support it today if the Mayor came to us? I said, "No, I would not." I think there is a lot of areas that we can reduce spending before we get to raising any kind of taxes. The fact of the matter is that it is another tool. It is an opportunity where we could stop the madness of raising every single tax and fee known to man, and revert back to a tool that would lessen the burden throughout the population, including visitors, which in my opinion, causes more of an impact to this island than the residents by the use of the facilities and the roads, and so forth. Again, I will not be supporting the receipt, Mr. Chair, but I mean, to say things like "taxing the poor" that is redderick. That is not good. Thank you.

Chair Furfaro: You want to speak one more time,  
Mr. Kagawa?

Mr. Kagawa: Yes.

Chair Furfaro: Go ahead.

Mr. Kagawa: I guess I just want to make clear that I did not vote to approve the gas tax last year. I did not vote to increase the vehicle weight tax this year. Those are regressive taxes as well. Poor people do not all ride the bus. Middle class people do not all ride the bus, but I can tell you that most of them do have a car, most of them do buy gas to drive around to get to work, to get to their second and third jobs. Let us be fair to the public when we talk about regression because I think do not only use regression at your own benefit. Thank you.

Chair Furfaro: If there is nobody else that would like speak,  
I would like to be the last one to summarize this....

Mr. Hooser: Councilmember Yukimura has got her hand  
up.

Chair Furfaro: Oh, I would like to be the last one to  
summarize this because I think there needs to be some clarity at what has already  
been said. JoAnn.

Ms. Yukimura: Thank you. I...

Chair Furfaro: And everyone is allowed to speak two (2)  
times before I call the vote.

Ms. Yukimura: I appreciate that Councilmember Chock really put our focus in the right place because it is the Transient Accommodations Tax, it is the tourist tax that we should be focused on because we are not...tourist make up about twenty percent (20%) of the population on any one (1) day on Kaua'i. That mean they use twenty percent (20%) of our parks, our roads, our police and fire, and probably more than twenty percent (20%) of our rescue services. We should not use the General Excise Tax, which is taxing food and essentials, to offset the impacts of the visitors. It is more equitable to tax by use. Those who use more of the garbage service, those who use more of gasoline, they pay more. So, that is why user fees are important. At the same time, if you earmark the General Excise Tax for public transportation, you can free up three million dollars (\$3,000,000) of the fuel tax for the road projects, and that is why I am suggesting that we look at that because I know that we have to find one hundred million dollars (\$100,000,000) to bring our roads up to a preventive maintenance standard, which will benefit everyone. So, we have major challenges and the test is how to use the moneys in the right way, the various sources, but we should not use General Excise Tax moneys to pay for tourist impacts because that is taking from the wrong people to pay for something that the tourist should pay for. It is taking from residents to pay for what tourist should pay for.

Chair Furfaro: Mr. Hooser.



Mr. Hooser: Yes, just to respond a little bit to what was said earlier, Chair. Again, I am not supporting this initiative, which would allow the Council to raise the General Excise Tax in the future. It was mentioned that this is not a tax on poor people. It absolutely is. It is the most regressive tax in the State of Hawai'i, and that is not redderick, that is the fact, that lower income people will pay a higher proportion of their income than higher income people. That is the definition of regressive tax, and that is this tax. There is no question about it. Homeless people will have to pay this tax when they go spend their Supplemental Nutrition Assistance Program (SNAP) money or children will have to pay when they go to the movies. They will have to pay more. Everybody will have to pay more money, and people with the least amount pay a greater proportion, that is by definition. It is not one cent (\$0.01). This is a pyramiding tax. Again, all of the economists on both sides of the issue, whether they like it or not, will say that the General Excise Tax is a pyramiding tax. It is tax on everything every time money changes hands. So, it is more equivalent, many economists will say to three cents (\$0.03). It is not one cent (\$0.01). This is a regressive tax. This is a tax that the people of Kaua'i do not need and do not want, and I cannot support it. Thank you.

Chair Furfaro: Does anybody else want to speak that have not spoken their second time? Mr. Bynum.

Mr. Bynum: I just want to encourage everyone that listens to this debate about finance to do a little homework and look at the public record. What is being said here and what the public record reflects are not the same. So, I have already said why I cannot support this tax, but the reality is, where is the Mayor's proposal to support the TAT? It is not in this package, right? The Mayor's proposals on revenues over the last twelve (12) years have been increase taxes on local people. That is a fact, it is not an opinion. It is right there in the public record, and any reductions, local people have gotten happened at this table. This is the Mayor's proposal. We heard the numbers last week. If we separate out the visitors who pay and non-residents who pay thirty-five percent (35%), sixty-five percent (65%) I believe was what was said last, is paid by working people here. At half a percent (0.5%), I said it is over four million dollars (\$4,000,000). At one percent (1%), which is the proposal, it is eight million dollars (\$8,000,000). We are going to take eight million dollars (\$8,000,000) from local people. When you go shopping, the County wants a piece. The public record reflects who voted what on what proposals. There was a proposal at budget, the Mayor said, "Let us raise hotels to eleven dollars (\$11) and make four million dollars (\$4,000,000) of increased revenue, roughly." These are rough numbers. Councilmember Kagawa said, "No, I want half that. I want to take two million dollars (\$2,000,000) less from hotels." So, those are some of the realities. You have to look at what people actually do. What were the votes that were actually made? What is the data that actually shows the impact of the cuts and the votes that were made? That has all been presented here by the Administration quite faithfully. We walked into this with our eyes wide open and we each made our proposals. They are in this public record right here for any of you to read. As best as I am going to do, I am going to talk about what actually happened. Thank you.

Chair Furfaro: So, I have not spoken yet. I guess I get to speak now. Everybody has had their two (2) turns before I call for the vote. First of all, I want to summarize everything so everybody has a really good snapshot of what is going on. For the last three (3) years, the County of Kaua'i has in fact, had a cap on what our earning should be. There is a three hundred sixty million dollars (\$360,000,000) or a three hundred seventy million dollars (\$370,000,000) pot of

money that is available from the Transient Accommodations Tax. So, first of all, I want to clarify when someone makes a comment that the visitors no longer contribute, the visitor contributes. He pays his nine percent (9%) when he checks out of his room. What the real issue is, but it is all not going to the Counties in the allocated portion. The biggest portion of it is now going to the State. That is what we refer to as the cap. So, three hundred seventy million dollars (\$370,000,000), about forty-eight percent (48%) of that in a legislation, is earmarked for the Counties to support public safety, police, lifeguards, et cetera. So, our share each year, should have been at three hundred seventy million dollars (\$370,000,000), we should have been getting twenty-three million one hundred thousand dollars (\$23,100,000). They capped us at thirty million five hundred thousand dollars (\$13,500,000). So, as we were looking at these moneys that we have had the last three (3) years, what we have had to do to make up for it was to spend down the surplus. Mr. Mickens, your microphone is picking up here. Let me finish so everybody understands. We had to spend down on the surplus or cut services. So, this time in the legislature, to clear it again, my position is very clear in the testimonies here. My position, as well as the position of the other County Chairs, the headlines of this press release is "The Council Chairs Seek A Complete Return Of \$72,000,000 To The Counties." That is last year. What did we get? They said, "Okay, we will give amongst all four (4) of the Counties, we will give you ten million dollars (\$10,000,000) more." So, our divided pot went from ninety-three million dollars (\$93,000,000) to hundred three million dollars (\$103,000,000). Kaua'i's share of that was only another one million four hundred thousand dollars (\$1,400,000). That does not end this year. They also passed it. So, we are going get that fourteen million dollars (\$14,000,000) over the next two (2) years, but then that question is very uncertain. After that, are we going to get anything? So, let us be really clear. The problem was we were taken down from twenty-three million dollars (\$23,000,000) to thirteen million five hundred thousand dollars (\$13,500,000), roughly for the last three (3) years, and even though we are entitled to that other money, we are only going to get another one million four hundred thousand dollars (\$1,400,000). That puts a burden on us. The State has liabilities that we do not have. Up to last year, we fully funded our Retirement Fund. The State has a huge liability out there of unfunded liability, so does the City and County of Honolulu. So, I just want to make sure we understand those moving parts and my position, it is too early. Let us find out when are they going to return the TAT to us. We need to be, every year over the next two (2) years, pounding at the door to have them send us back the TAT. Councilmembers, this is my testimony and worksheet from a presentation I made at HSAC. I showed them the growth of the TAT, as well as the growth of our budget, as well as the fact that we had to use forty-one million dollars (\$41,000,000) of our reserve to make up for that shortfall. That is why we are in a crunch. We have had to spend our reserve to carry existing facilities. So, please consider my testimony as my trip report, which is part of our travel allowance.

I am going to vote "yes" to receive this because I do not think we have exhausted every opportunity to tell them, "We need the TAT money back." I also want to remind us, that it does not end for two (2) years. They already passed that. What the real question is what happens at the end of two (2) years? Now, I am saying, and if it happens, we need a backup plan, which I think is what Mr. Rapozo is trying to share with us. I use the term, this is a goal line stance. We have to get back to what our share is. I will be voting "yes," and on that note, members, you have my worksheets, my trip report, and do a roll call, please.

The motion to receive "A Bill For An Act Relating To Taxation" for the record was then put, and carried by the following vote:

FOR RECEIPT:	Bynum, Chock, Hooser, Yukimura, Furfaro	TOTAL – 5,
AGAINST RECEIPT:	Kagawa, Rapozo	TOTAL – 2,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Mr. Sato: Five (5) ayes.

Chair Furfaro: 5:2, right? Did I summarize...thank you.  
Okay, next item in the seriatum.

Mr. Sato: “A Bill For An Act Relating To Zoning.”

Ms. Yukimura moved to approve “A Bill For An Act Relating To Zoning,”  
seconded by Mr. Bynum.

Chair Furfaro: We have a motion and a second. Members,  
discussion? No discussion? Oh, JoAnn.

Ms. Yukimura: Mr. Chair, as was stated in Committee, this  
is a request from the Administration for a Bill that would give us another planning  
tool that would put vacation rentals in the same category as Commercial and other  
in terms of potential for amortizing non-conforming uses, and I support it.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I am going to be in support of this Bill. I just  
want to make a short comment that when we passed the initial Vacation Rental  
Bill, it had some items that were like amortization or situations that you would lose  
your ability to permit, and we were informed that there were Constitutional  
problems with that, we had to correct it, and it has been really difficult ever since.  
We were also told that the County had no ability or authority to amortize under  
current State law. So, this law would allow that opportunity or option, but if you  
look at the details, the only legal way in the Country to do amortization is when the  
owner has a sufficient period of time to use it to recuperate certain economic  
situations. So, it is a complex situation, but this Bill would open that opportunity  
and that dialogue for future discussion, and I support that.

Chair Furfaro: Anyone else wishes to speak on this item?  
Anyone? Let us do a roll call vote then, please.

The motion to approve “A Bill For An Act Relating To Zoning” was then put,  
and carried by the following vote:

FOR APPROVAL:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST APPROVAL:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Mr. Sato: Seven (7) ayes.

Chair Furfaro: Seven (7) ayes. Thank you very much. That  
is the HSAC package.

EDR 2014-04 Communication (08/08/2014) from Councilmember Yukimura, requesting approval of a Proposed Resolution Urging The Legislature Of The State Of Hawai'i To Amend Hawai'i Revised Statutes Chapter 46 To Give The Counties The Authority To Enact A General Excise Tax Surcharge To Fund Public Transportation, for inclusion in the 2015 Hawai'i State Association of Counties (HSAC) Legislative Package: Mr. Rapozo moved to receive EDR 2014-04 for the record, seconded by Mr. Kagawa.

Chair Furfaro: Motion to receive and a second.  
Councilmember Yukimura.

Ms. Yukimura: Yes, Mr. Chair, I would like to make a motion to defer, but I would like to have discussion first.

Chair Furfaro: Okay.

Ms. Yukimura: As you know, I have proposed this to be one of a portfolio of taxing powers or revenues that we would request from the legislature. As we all know, we have a very difficult financial situation and I have proposed that we ask the legislature for several powers or sources of revenues that have nexus or connections to the purposes for which we want to spend the money. So, TAT moneys or tourist revenues would be used to offset visitor impacts in terms of roads, police, fire, parks, et cetera. I see that we could use a surcharge on conveyance tax. I have not fully developed that yet, of high priced properties for purposes of supporting our affordable housing program, which we desperately need. Then, I want to see a half percent (0.5%) Excise Tax. We have just gone through why it is so regressive, but if we earmark it for public transportation, this is what we will need in order to have a reliable sustained source of funding for a system that we have to grow, and we have already. Our limits are not because people will not ride the bus. The limits are because of the lack of service. We do not have our busses coming often enough, we do not have bus shelters to shelter our seniors from rain and hot sun, we do not have a place for them to sit down, and we have service every two (2) hours on Saturday and only up until 4:00 p.m. or 6:00 p.m. I am not sure when, but people still have to go to work on Saturdays and they cannot get home if we have service that is so limited. We have the best plan in the State, my opinion, for expanding the bus. It is a twenty (20) year plan. We have an excellent management staff. I have not heard any complaints about the management of that staff. In fact, we get glowing reports about our bus drivers. So, the one thing that is missing is a source of funding for expansion. I have not heard any other source of revenue that we can tap for this purpose. For that reason, I think this Excise Tax surcharge to fund public transportation, exclusively to fund public transportation, is what we need for a good and sustainable future for this island. Therefore, I would like to at least have a public hearing on the matter so we can hear from the people. We have been very concerned about...

Chair Furfaro: Excuse me, JoAnn, I just want to let you know we do have people here to give testimony on it today as well.

Ms. Yukimura: Okay, thank you. A public hearing; however, would give notice to people about it and it would also give a specific time at which they could come to testify. I also think it would be time to look at your information, Chair, and perhaps develop a really good approach to the legislature. So, I would like to defer it until the first meeting in November after Thanksgiving, and schedule

a public hearing for that time, but I would like to have some discussion and debate before I make a motion to defer.

Mr. Rapozo:

Mr. Chair.

Chair Furfaro: The motion that is on the floor, JoAnn, is this motion to receive and I would like to get some public...

Ms. Yukimura: motion to receive.

But a motion to defer has precedence over a

Chair Furfaro:

Yes, but I did not get a second.

Ms. Yukimura:

Oh, I have not made the motion yet.

Chair Furfaro: some public...go ahead.

Very good. Thank you. I am going to take

Mr. Rapozo: Oh, no. I just want to make a clarification. If it gets deferred, it is not going to make the package. So, a deferral is not an option, if you want it on the HSAC package. So, September 9<sup>th</sup> is when we submit the package. So, anything...I mean, I do not think we have the time. Obviously, if you want it in November, it definitely...the package is done. It is almost the opening of the session.

Ms. Yukimura:

Mr. Chair.

Chair Furfaro: Well, I am going to say though, we have to understand, some of these things work under the assumption that we are charging GET, and so the GET Bill, for some of us, we have not exhausted our position on TAT first. JoAnn, you have the floor.

Ms. Yukimura: The other thing is, last year, HSAC Executive Committee chose a legislative item on the day of the opening of the legislature. So, this proposal can come up in a different way. Therefore, it is not necessarily too late.

Chair Furfaro: Your point is well taken. It could be lobbied directly to the Executive Board of HSAC. Point well made. I would like to ask for testimony, and before I do, I do have to point out I have an excuse that I have to be gone from 12:00 p.m. to 2:00 p.m. and I have some amendments on the Bill that is coming up later. I would like to see if you can hold until my presence so I can introduce those amendments later, but I will be gone from 12:00 p.m. to 2:00 p.m. today on some personal matters. If I could turn the meeting over to you, I think we have three (3) people what wanted to give testimony.

Mr. Sato: Mickens, followed by Joe Rosa.

The first registered speaker is Glenn

Chair Furfaro: Glenn, you have the floor, and Glenn, I am turning the meeting over to Mr. Chock now.

Council Chair Furfaro, the presiding officer, relinquished Chairmanship to Mr. Chock.

There being no objections, the rules were suspended to take public testimony.

GLENN MICKENS: For the record, Glenn Mickens. We did not get to comment on the last issue. I would like to say a couple words. Is that permissible, Chairman Chock?

Mr. Chock: Go ahead.

Mr. Mickens: I thought the best suggestion, there was great testimony here from both sides here about receiving or not receiving it. I thought Jay made the best suggestion, find our first when the TAT tax, are we going to get it or are we not. I do not know when that is going to be decided. Do any of you? Well, anyway, until that time comes, then I think we can make that decision. If we get the money, it will alleviate a lot of problems, right? If we do not get the money, we are then going to have to go then to another source, what both sides were saying. That would be when it plays out, I presume. One other thing that I think Ross did mention was one other big source that we should go to. That is finding out where the waste is in our government that we can attend to prior to the time we would decide to raise any taxes. Take a good look at the eight (8) audits that Ernie did. Look at them carefully. Discuss them. There is enough waste there, I am sure, that we will not even have to worry about the TAT, but that is my suggestion anyway on that particular item. I do not know if anybody else from the public wanted to say anything or not, but it is up to you Mr. Chock.

Regarding this issue, EDR 2014-04. You have a copy of my testimony along with an excellent two (2) page article by Wendell Cox, an international authority on Urban Planning. Please read it as it refutes a lot of Smart Growth and Smart Growth Street myths.

At last week's Committee Meeting three (3) members of the Economic Development (Sustainability / Agriculture / Food / Energy) & Intergovernmental Relations Committee (Councilmember Hooser, Councilmember Chock, and Councilmember Kagawa) wisely, and I think it should always come out in the papers who votes for what like some people in the letters have been saying. I think it is a good thing that the people know who votes for something and who does not. So, I think it is an excellent idea. They voted against Councilwoman Yukimura's three-quarter percent (0.75%) Excise Tax surcharge for expansion and operation of public transportations in all Counties – more buses.

Mr. Chock returned Chairmanship to Council Chair Furfaro.

*(Mr. Chock was noted as not present.)*

Mr. Mickens: I have been attending Council Meetings for over twenty (20) years, and this proposal is one of the worst I have heard. The people do not need a tax increase for any reason and certainly do not want one for a purpose so lacking in justification. Some months ago, the County did a pilot program for its one thousand two hundred (1,200) employees letting them ride our buses free for a thirty (30) day trial period. With only fifty (50) people taking advantage of this offer, the program was shown to be a complete failure. So, why is JoAnn now asking the public for millions of dollars more of tax money to fund a project that failed as a pilot program? Those County workers were probably a pretty good cross section of our public and I presume that is why they were chosen to participate in the program.

Mr. Sato:

Three (3) minutes.

Mr. Mickens: The public is overburdened now with tax and fee increases, and screaming for relief. The mass of them want roads repaired and alternate routes to alleviate traffic, not more buses and bike lanes. If we can find funds for a multi-use path, twenty percent (20%) of which are our tax dollars, I realize that the other eighty percent (80%) comes from the Federal government is, we can certainly find money for using our cane haul roads to keep traffic flowing. The primary reason a person owns a vehicle is for convenience and there is no way you will change that modus operandi. Why do you think that people use a local country store when the prices are two (2) and three (3) times higher than at the bigger markets? The reason is convenience, again.

*(Mr. Chock was noted as present.)*

Council Chair Furfaro, the presiding officer, relinquished Chairmanship to Mr. Chock.

Mr. Mickens: You go to the country market. We do need buses for those who cannot drive or are handicapped, and I am not proposing to do away with them, but I believe that better programming for where those we have are going can solve any overcrowding problems. I keep hearing that some busses are way overcrowded. You can sit over here, as Joe Rosa is saying, sit over here and see two (2) or three (3) people on a bus coming around and around and around. So, I think we can do a lot better job of finding out where we need the busses then putting thousands more on. JoAnn's arguments for the tax are pathetically weak. She says that when gas prices reach five dollars (\$5) per gallon car use will lessen. The price did, but her prediction was false. She says a tax for transportation would be more welcomed. A tax is a tax and is never accepted happily by anybody. I urge this Council to just say "no" to a bad idea. Thank you. I do hope you get a chance to read this, the argument against Smart Growth. I think you will enjoy it.

Mr. Chock: We have a question from Councilmember Yukimura.

Ms. Yukimura: So, Glenn, on your first issue about cutting costs.

Mr. Mickens: Yes.

Ms. Yukimura: Could you please provide estimated costs based on the audits that we could save? Since you said it is clear in the audits, please provide some estimates.

Mr. Mickens: Of what we can save?

Ms. Yukimura: Yes.

Mr. Mickens: Well, I think it would be a good idea for you people. I am not being paid to do this. You are.

Ms. Yukimura: Well, but you are proposing it, so I thought maybe you could. That is my request anyway.

Mr. Mickens: Okay.

Ms. Yukimura: Then, are you saying that fifty (50) cars off the road in Līhu'e is not a good thing?

Mr. Mickens: You are making that assumption. Are fifty (50) cars...

Ms. Yukimura: Well, if there...

Mr. Mickens: ...going to be off the road because you are putting five (5) more busses on? Are people going to leave their cars?

*(Council Chair Furfaro was noted as excused at 12:04 p.m.)*

Ms. Yukimura: I am sorry. I am just saying if fifty (50) people come to work in a bus, that means they are not bringing a car to work.

Mr. Mickens: If.

Ms. Yukimura: No, you said there were fifty (50) County workers who took advantage of the free bus and came to work. So, is that not a plus that fifty (50) people did not bring their car?

Mr. Mickens: Is that success to you, fifty (50) people out of one thousand two hundred (1,200)?

Ms. Yukimura: I am asking you.

Mr. Mickens: No, I am asking you. Is fifty (50) people a success in a program of one thousand two hundred (1,200) people that are offered free rides?

Mr. Chock: Yes, if you can answer the question and then we can move forward.

Ms. Yukimura: I asked the question.

Mr. Chock: So, please.

Mr. Mickens: Well, I answered.

Ms. Yukimura: He is asking a question rather than answering it.

Mr. Chock: You asked a question in return.

Mr. Mickens: Well, ask the question again, please.

Ms. Yukimura: Do you not consider fifty (50) cars less in Līhu'e on a workday a plus for the city, for the town? Yes or no.

Mr. Mickens: It is not a yes or no answer, but I cannot answer it.



Ms. Yukimura: Thank you.

Mr. Mickens: You are welcome. Any other questions?

Mr. Chock: I do not see any. Thank you.

Mr. Mickens: Thank you.

Mr. Chock: Next testifier, please.

Mr. Sato: Next speaker is Joe Rosa, followed by Ken Taylor.

JOE ROSA: Well, this time I have to say good afternoon already. I have been here all morning. Good afternoon members of the Council. For the record, Joe Rosa. I do not know where JoAnn gets some figures. She talks about using here bus she can save two thousand five hundred dollars (\$2,500) a year on gas. I come from a household with two (2) cars, and the most we spend in a year is nine hundred sixty dollars (\$960). I have to almost three (3) years to spend what she talks about, two thousand five hundred dollars (\$2,500) in a gas bill and she can save the people that much a year.

*(Mr. Kagawa was noted as not present.)*

Mr. J. Rosa: Then, she talks about fifty (50) people on the bus would take fifty (50) cars off the road, but hey, we have two (2) ends that comes into Līhu'e. It would get rid some of this traffic like I mentioned last week about her article in the paper saying that we need more roads. I said we need alternate roads that give people a choice to use whatever highway they want. If they connect at least a mile and a half across the valley at Wailua on the end of Ma'alo Road to Kuamo'o Road, the people in the Homestead area can come in about in fifteen (15) minutes, ten (10) to fifteen (15) minutes from the Wailua Homestead area even where Mr. Mickens lives, to Līhu'e in a shorter time. It is only a distance about a mile and a half to connect that area and people could come down the road using the existing cane haul roads.

*(Mr. Kagawa was noted as present.)*

Mr. J. Rosa: Do it the way they did with the Kapa'a alternate route that they are still using today. I do not know her engineering skills and her figures. I do not know what she is doing. This past weekend at Walmart, I was talking with somebody about the past Council Meeting and things. I see the busses past there. I see a bus past by with two (2) bicycles on the front bumper and I assume the driver and the two (2) people in the bus were the two (2) bicycles that were getting a free ride around wherever they came from. Two (2) bicycles, two (2) passengers, and a bus driver. Is that feasible? Kaua'i, with the amount of busses she wants, we are going to have a graveyard of busses. It is not being run properly and right. When she was the Mayor, she sent out letters. I was working for the State Department because we had a parking problem here. In the letter, she asked if I would ride the bus. I said, "No way" because that bus would make me late for work because I usually take five (5) minutes from my house to where I live to the State Building. With her bus, I would be late. It is not going around properly. People could rely before on the bus system that they could get to school on time and

work on time. Before there was a lot of school kids that take the bus from Hanamā'ulu, even in this Līhu'e area.

Mr. Sato: Three (3) minutes.

Mr. Chock: Three (3) minutes, Mr. Rosa.

Mr. J. Rosa: So, the thing is, JoAnn, she has to forget her busses and some of the taxes that she wants to raise. I got a big jolt this month too when my sewer bill came. From one hundred eleven dollars (\$111) to one hundred twenty dollars (\$120). Think about that nine dollar (\$9) raise that we had to pay.

Mr. Chock: Thank you.

Mr. J. Rosa: And with all of these other taxes coming up. Thank you Councilmember Rapozo, and you vote for the people by keeping taxes and the County should tighten their belt. I still feel all of the electric lights in the Finance building where I pay my taxes, nothing has been done to conserve electricity. Thank you.

Mr. Chock: Next testifier.

Mr. Sato: Next speaker is Ken Taylor.

KEN TAYLOR: Council, good afternoon. My name is Ken Taylor. My comments will be based on two (2) of the whereases, the first "Whereas" in this Resolution and the last "Whereas." The human population living as we do have exceeded the caring capacity of Earth. This situation is not sustainable, that all proposals to save the environment or to move forward towards sustainability are serious intellectual frauds if they do not advocate for reducing population to sustainable levels at the local, National, and global scales. You have heard hundreds of people talking endlessly about sustainability. Did any of them ever tell you the first law of sustainability? Here it is. Population growth and our growth in the rate of consumption of resources cannot be sustained. We do not have a lot of time left to learn the vital lesson that everything is connected. We can either use our God given intelligence or sit back and wait for the natural system we depend on to collapse from our short-sighted abuse. So, my message to you, our political leaders, understand that nature does not negotiate. You cannot change the science. We must change our political will, and it is within your capacity to do that. You cannot drag your feet any longer or you need to start doing it right now. In closing, I think it is intellectually dishonest to talk about saving the environment, which is sustainability, without stressing the obvious fact that stopping population growth is a necessary condition for saving the environment and sustainability. In the words of Winston Churchill, "Sometimes we have to do what is required." Thank you.

Ms. Yukimura: Question.

Mr. Taylor: If this was reworded to include the proper uses for sustainability, I could be very supportive of it, but under the circumstances, no taxes on anything from now on until we, as a County, you as our leaders, come to grips with the reality of what is sustainable and what is not. It is time.

Mr. Sato: Three (3) minutes.

Mr. Taylor: We have a lot of young people out there in the community that are depending on us, all of us, to do the right thing for their future, not ours. Thank you.

Mr. Chock: Three (3) minutes, and we do have a question here. Councilmember Yukimura.

Ms. Yukimura: So, Ken, is it not true that impact on the environment is population times per capita impact?

Mr. Taylor: Yes.

Ms. Yukimura: And is this proposal not to expand our bus system going to reduce the per capita impact on the environment?

Mr. Taylor: All of the mitigations in the world thrown at any aspect...

Ms. Yukimura: Please answer the question.

Mr. Taylor: I am answering the question. Any mitigation thrown at any aspect of our existence without addressing the need to get a handle on growth is a feel good situation, but it does not solve anything.

Ms. Yukimura: Excuse me. I want you to answer. Is the reduction in per capita impact on the environment not a way to reduce the impact on the environment?

Mr. Taylor: It reduces them, yes.

Ms. Yukimura: Okay, and is this Resolution not going to help reduce the per capita impact on environment?

Mr. Taylor: It does not address...

Ms. Yukimura: Is it not...

Mr. Taylor: ...the population issue at all.

Ms. Yukimura: You did not answer the question. Thank you.

Mr. Taylor: Thank you.

Mr. Chock: Thank you. We have another testifier, Pat. Oh, we have two (2). Mr. Gegen first.

PAT GEGEN: Aloha, Council. For the record, my name is Pat Gegen. I too, share Mr. Taylor's passion around sustainability. I do not agree with everything he said, but I do agree with his passion for sure. Mr. Rosa, I am going to politely disagree with you and say, "I do not want JoAnn stopping her focus on the bus." We need to continue looking at the bus, the services it provides, and how we can improve that and make it easier and more efficient for more people to use. Mr. Mickens, to use a baseball analogy, if you build it, they will come. We

have proven over time with more routes being proposed and everything, that there are more riders and actually, when gas did hit five dollars (\$5) a gallon, I believe according to Celia, the ridership went up by twenty percent (20%), thirty percent (30%). It was pretty significant from what I recall. I also want to comment that I think that Celia and the rest of the crew over at the Kaua'i Bus actually does a very good job. They are very responsive to community requests, not that you get every route you get, but they put it on the queue to make sure they know what is going on.

So, to get to the issue at hand, you utilizing a General Excise Tax specifically for the Kaua'i Bus. I am just going to say in general, I do not like the increase in the General Excise Tax because it is regressive. It hits everybody in a very difficult way. I do like the idea of having specific funding set aside for the Kaua'i Bus or transportation. If there is a GET increase, I would like to see it earmarked for something like that, but I would much rather propose or see a proposal where we actually tax those who are utilizing the roadway who are going to benefit from more people riding the bus. Put the tax on the gas, put the tax on the vehicles to help support some of those things. It is just a much more one-to-one comparison. So, that is my two cents (\$0.02). Thank you very much.

Mr. Chock: We do have one (1) question.  
Councilmember Rapozo.

Mr. Rapozo: Thank you, and thank you for being here today. I would assume you see the buses on the road a lot.

Mr. Gegen: Yes, I do.

Mr. Rapozo: And I am assuming it is the same busses that I see. A lot of these busses are running around, like he said, with two (2), three (3), or four (4) people. I mean, there are some routes that quite busy.

Mr. Gegen: Yes.

Mr. Rapozo: But generally, the busses that I see are not.

Mr. Gegen: And I will tell you living in Kalāheo, kind of in the middle of that route, there is a fair number if people there.

Mr. Rapozo: West Side, definitely, I think I see the busses...

Mr. Gegen: I do not have any of the statistics on the other side.

Mr. Rapozo: Well, I happen to see the other side. I happen to also see the early in the morning, 6:00 a.m. or 7:00 a.m. I happen to see the large bus doing paratransit work, taking one (1) passenger or patient from Wailua Houselots, where I live, and I see this quite regularly. I brought it up at quite of budgets, and nothing has been done. Do you consider that sustainable? Do you consider that effective use of the bus?

Mr. Gegen: Of course there is going to be ways to...everything to a certain extent.

Mr. Rapozo: Right.

Mr. Gegen: So, no. Utilizing one (1) large bus for one (1) person is not sustainable. Could there be improvements to the paratransit? I believe there could be.

Mr. Rapozo: Yes, I mean, I think a lot of us or many of us have been questioning the route management. JoAnn can sit here and say, "Yes, we need more busses," but I am saying, four million dollars (\$4,000,000) a year, and this is not replacing four million dollars (\$4,000,000) a year in the existing budget. This is new money to expand the bus. So, it is not like we are going to spend four million dollars (\$4,000,000) next year to increase the bus. So, it is not money that we are going not have to go spend elsewhere. I mean, this is new money. Four million dollars (\$4,000,000) of new money. In the next ten (10) years, forty million dollars (\$40,000,000) for just the Transportation Department. What is your vision of how we spend that?

Mr. Gegen: Well, ideally, it would not come from the GET to start with.

Mr. Rapozo: No. I am just saying, in general, if we have forty million dollars (\$40,000,000) in the next ten (10) years, how do you envision the Transportation Department here on the small little island of Kaua'i to utilize that?

Mr. Gegen: I would like to see the routes ran more frequently, maybe utilizing smaller busses if that makes sense because I will tell you, my wife loves riding the bus. Kalāheo Neighborhood Center out to Waimea, drops her off right at the hospital, and it is great, but you know what? When the bus comes at 4:38 p.m. and she is done at 4:40 p.m., it sucks to have to sit there for fifty-eight (58) minutes waiting for the bus.

Mr. Rapozo: Oh, yes.

Mr. Gegen: If it were half an hour, she would probably utilize the bus more often, but as Mr. Mickens said, why do we drive our car? Convenience.

Mr. Rapozo: Right.

Mr. Gegen: At the end of the day like any of us, none of us want to sit around somewhere we do not want to be for an hour.

Mr. Rapozo: I think, and I guess my question is, if you believe that infusing that much money, I mean, we have busses. We have a lot of busses. In fact, if you go down to Transportation, you will see quite a bit of busses parked. The problem we have is like I said, route management. I cannot envision...the original proposal was the GET increase for different reasons, including public transportation.

Mr. Gegen: Right.

Mr. Rapozo: So, if we needed one million dollars (\$1,000,000), two million dollars (\$2,000,000), or three million dollars (\$3,000,000) you could use it.

Mr. Gegen: Sure.

Mr. Rapozo: If you needed some funds for other aspects, and I guess the question is, if it is regressive for one (1) use, it is all regressive for all uses. The question is, is transportation, at this point on Kaua'i, is that where all the money should go?

Mr. Gegen: Like I said, I do not support the GET. Do I support expanding the bus? Yes. I would like to find other ways of doing it. Do I think they need that forty million dollars (\$40,000,000) over ten (10) years? I am not in the best place to say that. I do not know exactly all of their expenses and everything. Would I like to see an increase during rush hours, during some of those things, maybe cut back some of those routes that are not as utilized during the day? Definitely.

Mr. Rapozo: I guess...

Mr. Gegen: I mean, I do not think we are off that far.

Mr. Rapozo: No, I think we agree. Until we do an analysis or an audit of what we currently have and how we can improve what we currently have, to automatically divert four million dollars (\$4,000,000) a year to an agency that we do not know if it is being run as efficiently as can, I think it is not the right thing.

Mr. Gegen: Yes, and just a personal experience if I may to kind of answer your question. I know that Celia and the gang there do look at those things because actually, bus service was decreased on a morning route that actually goes into Island School. That created a hassle for me. I do not like the idea of my ten (10) year old daughter walking across a college campus alone.

*(Mr. Hooser was noted as not present.)*

Mr. Gegen: So, guess what? We have one (1) additional car on the road almost every morning because I have to worry about the safety and security. Now, do I expect Celia to reinstate that stop? No, because it was screwing up other things getting back on the highway. So, I think that they are looking at the management of those items.

Mr. Rapozo: Thank you.

Mr. Gegen: Thank you.

Mr. Chock: Thank you. Any further questions? Thank you for your testimony.

Mr. Gegen: Thank you.

Mr. Chock: Please come up.

ALICE PARKER: Okay guys, anti-you. Alice Parker. I love the bus. I grew up using public transportation. I lived in the New York City Manhattan area, and this was during World War II, feels like World War I at the moment. Anyway, public transportation was the way to go. What we need here is smaller busses for paratransit. Paratransit is desperately needed, but not big busses. You are right. I know the City in Torrance I lived in used cabs for paratransit. They must have had a deal with them because there was a fare of three dollars (\$3) or something like that, and this is twenty (20) years ago, but that would be much more efficient. I feel guilty when I need a paratransit to get to urgent care or something with a big bus. Also, three (3) of us take the bus from Līhu'e to Kilauea every Monday. That is jammed on the way up. During the time when gasoline was about five dollars (\$5) a gallon, there were workers on the bus who said, "I cannot afford to put the gas in my tank. That is why I am on the bus." Also, when they have car repairs, they ride the bus. So, the bus is desperately needed. The bigger ones are great for the commuted lines, but you are right. In the middle of the day, we do not need the bigger busses, and that should be checked out.

The other thing is, I am suggesting Transportation has a huge education program to show people the feasibility and to convenience of the bus, and not having to pay all of the charges for cars. I lost my car keys. Three hundred sixty-five dollars (\$365) later, pretty soon, I am walking. Anyway, do not put it on the general people. General Excise Taxes hit the poor harder than they hit the rich. So, put it on the people who drive cars. Yes, I still use my car, make me pay for it. Thank you.

*(Mr. Hooser was noted as present.)*

Mr. Chock: Further testimony?

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Mr. Chock: Further discussion, Councilmembers, on this item?

Ms. Yukimura moved to defer EDR 2014-04 to the November 5, 2014 Council Meeting.

Mr. Bynum: Chair.

Mr. Chock: Yes.

Mr. Bynum: Yes, you have not recognized a second. We could have further discussion?

Mr. Chock: Yes, absolutely. So, we have no second on this item.

Ms. Yukimura: Motion dies.

Mr. Chock: Motion dies, and we will continue with discussion.

Mr. Bynum: May I ask a question of Councilmember Yukimura?

Mr. Chock: Okay.

Mr. Bynum: Councilmember Yukimura, when the deadline for inclusion is HSAC is today, why would we defer this, and what would be your rationale or goals for a deferral?

Ms. Yukimura: Because last year, despite the deadline that was missed, the General Excise Tax proposed by the Mayor was put into the HSAC package on opening day of the legislature, and that can happen again. That is why this issue needs to be fully vetted and discussed so that we know what the issues are and how we are to shape our package. We have not had a public hearing on this issue. At least we should hear formally, from the people about this issue. So, I do not believe that the delay is fatal, and I feel that it will provide the kind of public discussion we need on a very, very critical issue both public transportation is a critical issue, finances are a critical issue, even the issues that the other purposes proposed for the General Excise Tax should be discussed as well.

Mr. Chock: You have more discussion on this item?

Mr. Bynum: Yes. I do not know how I could have made my opposition to any GE tax more clear; however, I have a long history of wanting to support members who want to keep a dialogue, and I happen to agree with Councilmember Yukimura, that changes in the HSAC bylaws change the circumstance at HSAC dramatically. The Executive Committee can basically do whatever they want after the legislature opens, is my read of the bylaw changes that were approved; however, Councilmember Yukimura, that will give me more time to analyze and give you an example about how egregious the impact is on local people.

Ms. Yukimura: That is good. That is fine. I am not opposed to more information.

Mr. Bynum: Okay. So, yes, I am really struggling with it. If I could go one (1) more question. If your goal is to have more dialogue about the bus and the need to fund it, that can be done with a request for a separate agenda item. I do not disagree with that, but just cannot find myself supporting a GE increase of any kind. So, thank you.

Mr. Chock: We will let JoAnn answer, and then we will go to Councilmember Hooser.

Ms. Yukimura: So, thank you. The problem is whether or not you want a GET, there is going to be a debate about the GET and a proposal for the GET. If there is going to be a GET, I think there is a lot of people who say, "It should be earmarked for the public transportation." So, those are the issues on the table. If it is going to be something that goes before the legislature, we need to know what from we want it. There is a huge difference in ramifications or a GET that is not earmarked for public transportation and a GET that is. At least the people who are most impacted will get back services that as Alice pointed out, they desperately need. When gas goes to give dollars (\$5) a gallon, it is a hardship on our families. So, sacrifice in public...



Mr. Bynum: She has answered my question.

Ms. Yukimura: ...will is about this. We may have to sacrifice, but let us sacrifice it for something that we know is going to help our families.

Mr. Chock: Okay. Thank you. Councilmember Hooser.

Mr. Hooser: I admire Councilmember Yukimura's tenacity and passion on this issue, but I do not see any sense in beating a dead horse. We spoke about this at length at the prior meeting on both agenda items, not just the bus agenda, but on the General Excise Tax agenda. We have had robust discussion on it. It is very clear, in my mind, that there is no will for this Council to support it, quite frankly. My position is clear. I cannot support a GE tax, period. So, I would encourage the good Councilmember to look at various ways, possibly, to suggest a fund for public transportation, which I support, and to present those as a separate agenda item in the future. Thank you.

Mr. Chock: Good idea. Any further discussion?

Mr. Rapozo: I have a...

Mr. Chock: Councilmember Rapozo.

Mr. Rapozo: Thank you. First of all, I want to clarify that HSAC cannot do whatever they want when the legislative session opens. They can act on matters that involve revenue issues at the Capital. So, if it involves a revenue generation opportunity, then yes, the Executive Committee can act and amend the package, and that was what was done last session. I just want to remind the Chair that the posting is specifically for an HSAC package. In November, there will be no HSAC package. The package will have already been submitted. So, the alternative is, Councilmember Yukimura knows that she can attend any HSAC meeting at any time. So, I would suggest if she wants to move forward, and with the Chair's approval, she wanted to post a public hearing or have a discussion on this, that it be on a separate item because this matter, if it is deferred, will not make the package. What we did last year was different. That was a different process altogether. It was not the package. It was an addition, and that is still available to Councilmember Yukimura. I know she is making her funny face like we pulled a fast one. I know some of you feel that way, but it is in the bylaws. That is what we can do. There is no way HSAC can act on a revenue matter at the Capital going through the process of going to each County, getting the Councils to all approve. Some of these things have to be done right away, and in fact, that is what was done. So, there is an opportunity to have this heard by HSAC at a later date, and if the consensus of HSAC is to do an addendum or an addition, they can do so at that time. I think as far as the way this is posted, I do not think it is even a valid deferral because the package will be done by November. So, I just wanted to make that clarification. Thank you.

Mr. Chock: Thank you for the suggestion. The motion is to receive at this moment. If there is not further discussion, I will call for the question at this time. No? No more discussion? Great. We will do a roll call on this one.

The motion to receive EDR 2014-04 for the record was then put, and carried by the following vote:

FOR RECEIPT:	Bynum, Chock, Hooser, Kagawa, Rapoza	TOTAL – 5,
AGAINST RECEIPT:	Yukimura	TOTAL – 1,
EXCUSED & NOT VOTING:	Furfaro	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Mr. Sato: Five (5) ayes.

Mr. Chock: Okay, it is 12:30 p.m. so I would like to call us for lunch at this time, and we will be back at 1:30 p.m. Thank you.

There being no objections, the Council recessed at 12:31 p.m.

The meeting was called back to order at 1:39 p.m., and proceeded as follows:

*(Mr. Kagawa was noted as not present.)*

Mr. Chock: Welcome back from lunch. We are going to pick up right where we left off, which is at, I believe, Committee Reports. Clerk, if you could take us to that.

Mr. Sato: Vice Chair, we are on the bottom of page 3.

#### COMMITTEE REPORTS:

#### ENVIRONMENTAL SERVICES / PUBLIC SAFETY / COMMUNITY ASSISTANCE COMMITTEE:

A report (No. CR-EPC 2014-06) submitted by the Environmental Services / Public Safety / Community Assistance Committee, recommending that the following be Received for the Record:

“EPC 2014-03 Communication (08/13/2014) from Council Chair Furfaro, requesting the presence of the County Engineer, to provide an overview on the proposed “Pay As You Throw” program,”

Ms. Yukimura moved for approval of the report, seconded by Mr. Rapozo.

Mr. Chock: We have a motion to approve. Would anyone like to testify on these items?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order and proceeded as follows:

Mr. Chock: Discussion members?

The motion for approval of the report was then put, and carried by a vote of 6:0:1 *(Mr. Kagawa was not present; Council Chair Furfaro was excused).*

Mr. Chock:

Motion passes. Next item.

ECONOMIC DEVELOPMENT (SUSTAINABILITY / AGRICULTURE / FOOD / ENERGY) & INTERGOVERNMENTAL RELATIONS COMMITTEE:

A report (No. CR-EDR 2014-03) submitted by the Economic Development (Sustainability / Agriculture / Food / Energy) & Intergovernmental Relations Committee, recommending that the following be Approved on second and final reading:

“EDR 2014-03      Communication (08/06/2014) from Mayor Carvalho, transmitting for Council consideration, the following bills to be included in the 2015 County of Kaua‘i and Hawai‘i State Association of Counties (HSAC) Legislative Packages:

- A Bill For An Act Relating To Evidence; (*Approved.*)
- A Bill For An Act Relating To Taxation; and (*Received for the Record.*)
- A Bill For An Act Relating To Zoning (*Approved.*),”

A report (No. CR-EDR 2014-04) submitted by the Economic Development (Sustainability / Agriculture / Food / Energy) & Intergovernmental Relations Committee, recommending that the following be Received for the Record:

“EDR 2014-04      Communication (08/08/2014) from Councilmember Yukimura, requesting approval of a Proposed Resolution Urging The Legislature Of The State Of Hawai‘i To Amend Hawai‘i Revised Statutes Chapter 46 To Give The Counties The Authority To Enact A General Excise Tax Surcharge To Fund Public Transportation, for inclusion in the 2015 Hawai‘i State Association of Counties (HSAC) Legislative Package,”

Mr. Hooser moved for approval of CR-EDR 2014-03 and CR-EDR 2014-04, seconded by Mr. Rapozo.

Mr. Chock:      Great. The motion is to approve. Anyone would like to testify on this item?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order and proceeded as follows:

Mr. Chock:      Any discussion, Councilmembers?

The motion for approval of the reports was then put, and carried by a vote of 6:0:1 (*Mr. Kagawa was not present; Council Chair Furfaro was excused*).

Mr. Chock:      Thank you.

FINANCE & ECONOMIC DEVELOPMENT (TOURISM / VISITOR INDUSTRY / SMALL BUSINESS DEVELOPMENT / SPORTS & RECREATION DEVELOPMENT / OTHER ECONOMIC DEVELOPMENT AREAS) COMMITTEE:

A report (No. CR-FED 2014-27) submitted by the Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, recommending that the following be Approved on second and final reading:

“Bill No. 2548 A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Time Share Tax Classification Proposal*),”

A report (No. CR-FED 2014-28) submitted by the Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, recommending that the following be Received for the Record:

“Bill No. 2549 A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Residential Investor Tax Classification Proposal*),”

A report (No. CR-FED 2014-29) submitted by the Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, recommending that the following be Approved on second and final reading:

“Bill No. 2550 A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Vacant Land Re-Classification*),”

Ms. Yukimura moved for approval of CR-FED 2014-27, CR-FED 2014-28, and CR-FED 2014-29, seconded by Mr. Rapozo.

Mr. Chock: Thank you. Motion to approve. Anyone would like to testify on this?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order and proceeded as follows:

Mr. Chock: Further discussion, members?

The motion for approval of the reports was then put, and carried by a vote of 6:0:1 (*Mr. Kagawa was not present; Council Chair Furfaro was excused*).

Mr. Chock: Thank you.

Mr. Sato: We are on item (I), Bills for First Reading.

#### BILLS FOR FIRST READING:

Proposed Draft Bill (No. 2551) – A BILL FOR AN ORDINANCE AMENDING CHAPTER 21, SECTIONS 21-1.3 AND 21-9.1, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO INTEGRATED SOLID WASTE MANAGEMENT TO ESTABLISH VARIABLE RATES FOR THE COLLECTION OF RESIDENTIAL AND

COMMERCIAL REFUSE (PAY AS YOU THROW): Ms. Yukimura moved for passage of Proposed Draft Bill (No. 2551) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for September 24, 2014, and that it thereafter be referred to Environmental Services / Public Safety / Community Assistance Committee, seconded by Mr. Hooser.

Mr. Chock: We have a second on that motion. Would anyone like to testify on this item at this time? We have one (1) person. Mr. Gegen, please come up.

There being no objections, the rules were suspended to take public testimony.

Mr. Chock: Welcome back.

Mr. Gegen: Thank you, Vice Chair Chock. For the record, my name is Pat Gegen. I am here representing myself today, we well as Zero Waste Kaua'i. Zero Waste Kaua'i strongly supports Bill No. 2551 for implementing Kaua'i's Pay As You Throw initiative. I ask you to reflect a moment. Us humans view ourselves as the most advance species on this Earth. If that is indeed the truth, how come we are the only species on the Earth that creates waste and pollution, and destroys the environment that our lives depend upon? No other species on Earth creates a waste that is not used as a feedstock for some other organism.

*(Mr. Kagawa was noted as not present.)*

Mr. Gegen: Only humans are advanced enough to do this. I also ask you to reflect upon my understanding that our host culture here in Hawai'i, does not even have a word for waste in the native language. There is a reason for that. They did not make any. Everything that they had was used. We are not living sustainability on our Earth and we need to change this. The Pay As You Throw Ordinance is a small step in our quest for becoming more sustainable. Based on the Environmental Protection Agency (EPA) general analysis and Kaua'i's past analysis of the waste composition going into the landfill, over half of the discard still going in there could be diverted and utilized in the future through reuse, repair, repurposing, and recycling. Capturing those materials and making sure they are used in their highest and best use will take some work. It will take some changes in current discarding behavior, and it will take some programs put in place to foster the sustainable behaviors that are needed. The Pay As You Throw Ordinance is following the recommendations of Kaua'i's Integrated Solid Waste Plan. It is in there. It is a necessary component for Kaua'i to meet the seventy percent (70%) diversion goal that this body, this Council, passed and the Mayor signed in the Zero Waste Resolution.

To characterize the Pay As You Throw Ordinance is just another increase in fees like vehicle registration fees or like a General Excise Tax, is really a poor comparison. In the Pay As You Throw Ordinance, people have choices that they can easily make to ensure no increase occurs to them. People can reduce the amount of garbage that they are depositing in the landfill in a variety of ways. They can change their consumption and buying habits to look for items that have less wasteful packaging, they can look for items that can be reused instead of just being a single use item, and they can buy items that have packaging that is recyclable. People can reuse items until their useful end of life or donate their usable discards to local thrift and reuse stores. People can increase the recycling efforts within our

existing County provided programs like the Kaua'i Recycles drop-ins that are open twenty-four (24) hours a day, and are in eight (8) strategic locations around the island. Residents can also decrease the amount of food waste being discarded in the landfill by adopting home composting, which is something the County also supports and trains residents how to do. The last result ultimately, if somebody does not want their cost to increase and they do not want to partake in these sustainable activities, is that they can still drive to one of the Transfer Stations and get rid of their waste there at no additional charge. The Pay As You Throw is not...

Mr. Sato:

Three (3) minutes.

Mr. Gegen: ...an increase in expenses. Many residents are already doing some of these sustainable actions. In the most recent, *Measuring What Matters* report put out by Kaua'i Planning Action and Alliance (KPAA) and funded by the County, our diversion rate has increased from twenty-three percent (23%) in...

Mr. Chock: That was three (3) minutes. So, if you can wrap it up in one (1) minute.

Mr. Gegen: Thank you. From twenty-three percent (23%) to currently over forty percent (40%), and our landfill tonnage has actually gone down from eighty-nine thousand (89,000) tons to seventy-one thousand (71,000) tons. People want to do what is right. Personally, my family's diversion activities, we usually do not even fill up a thirty-three (33) gallon can in two (2) or three (3) weeks because we recycle, reuse, and donate a lot of things.

As a final comment, I would just like to remind the Council of the discussions and testimony during the implementation of the waste collection automated process, that many residents did not want the standard ninety-six (96) gallon trash receptacle that the County was providing, but were looking for a smaller can. Implementing Pay As You Throw will allow those smaller cans to be distributed going forth. So, again, I strongly recommend that you do pass this, and thank you very much.

Mr. Chock: Thank you. Any questions? Seeing none...oh, Councilmember Yukimura.

Ms. Yukimura: Actually, it is not a question. I just want to thank you for your testimony.

Mr. Gegen: Thank you.

Mr. Chock: Thank you so much. Anyone else would like to testify on this item? Sure, Alice Parker, come right on up.

Ms. Parker: Alice Parker for the record. I echo Pat Gegen's testimony, and I want to say, there must be some way for the County to set up mandatory recycling. I have mentioned before I lived in a project that does not recycle. Some individuals recycle and I add to their recycling, but there must be some way to make it more convenient to recycle for us old folks. Thank you.

Mr. Chock: Thank you. Any more public testimony at this time? Seeing none, since we have the rule suspended, I know we have our Solid

Waste people on the audience. Do we have any questions for them? None? Okay. Oh, you do?

Mr. Kagawa: No, just discussion.

There being no objections, the meeting was called back to order and proceeded as follows:

Mr. Chock: Discussion, Councilmember Kagawa.

Mr. Kagawa: Thank you, Chair. I will be supporting this Bill on First Reading; however, in Committee, I will be proposing an amendment. My amendment will keep the fees the same for people with the ninety-six (96) gallon trash can, meaning their monthly fee will be twelve dollars (\$12) a month. The amendment will also include an option to select a sixty-four (64) gallon can at the discounted price of eight dollars (\$8) a month. So, I hope that people will take advantage of saving four dollars (\$4) a month and go with the smaller can if they feel like they do not use the full ninety-six (96) gallons every month. I hope it helps to reduce some of the waste into the landfill. I stated my objections to increasing trash fees at this time. One of my main concerns is that if you compare it to the other islands, none of the other islands have trash pickup fees; however, we do. To increase from twelve dollars (\$12) to twenty-one dollars (\$21), someone who wants a ninety-six (96) gallon can, is to me, unreasonable at this time, and it is a big impact on our residents. Thank you, Chair.

Mr. Chock: Councilmember Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. I was not going to support the first reading of the Bill because I just have a lot of concerns; however, listening to what Mr. Kagawa is going to propose, I can support that. I think, and I have said this numerous times that if you want to change behavior, you incentivize, you do not penalize. I can live with that. I think it is great incentive for people to recycle. If you are going to get a smaller can, you pay less than what you are paying now. To charge people more for the existing container, I cannot support that. So, I will be voting to support this today, and at the Committee, I definitely will be supporting the amendment as will be proposed by Councilmember Kagawa. Again, I can see incentivizing the good behavior, and not penalizing. Thank you.

*(Council Chair Furfaro was noted as present.)*

Mr. Chock: Thank you. Any further discussion?  
Councilmember Yukimura, followed by Councilmember Bynum.

Ms. Yukimura: Yes, I am very pleased with the support from Councilmembers Rapozo and Kagawa because this is a key piece of legislation if we want to move toward curbside recycling, and a more sustainable society. So, it is great that there is that recognition of it. I think the present proposal actually does incentivize the right behavior, but we will have that discussion in Committee. There may be some other amendments that are possible. In fact, the Administration has proposed an alternative as well. So, it is good that we are all looking for the most workable scenario to make this Pay As You Throw system work. We will be the first County to institute this, and it is because we are once again, stepping forward with very future forward looking programs so that we can have a good society, a good community into the future. So, I think we should be proud of the fact that we are

going to be the first to do this. I hope that we can see this Bill all the way through to passage and implementation.

Mr. Chock:

Thank you.

Mr. Bynum: I will try to be brief. We discussed this and deferred a first reading Bill. Our normal thing is we save this for Committee, but I will be supporting this Bill on first reading, and I will be supporting it afterwards most likely. I will say that my *mana'o* is that the alternative that the Administration presented is a good way for us to go given the current climate because it still moves us forward. It does not move us backwards. The amendment that Mr. Kagawa just announced would actually cost us a lot of revenue. I will be asking Mr. Hunt to calculate what the revenue loss would be. To put this in context, we are also the County that has not cited the landfill and has punted it repeatedly, and now we have a very diligent and difficult job to cite the landfill. I have supported Mr. Rapozo over the years because he has been very clear about how critical the need is and how big the crisis will be should we not cite this landfill on time. There are challenges to get that done in the best of times. I voted for the Integrated Solid Waste Plan, and I have objected every time we have deviated from it, including when we delayed the Materials Recycling Facility (MRF) by five (5), six (6), seven (7) years. I will be supporting the Administration and looking for the alternative proposal in terms of the funding, which still moves us forward.

Just on a personal note, I moved this year and I made a commitment to recycle fiber, cardboard, and even cereal boxes. Anything that has fiber. I could easily get by on most weeks, with thirty-two (32) gallons. If I have a big project where I have a lot to dispose of, I have the Transfer Station that is in Kapa'a running so great when I go there, and it looks good and I am proud of it. Those of you who have been around a long time remember that was a really big issue for two (2) or three (3) years, just that whole area. So, the Department of Public Works has responded. They have not made the delayed decisions always. There have been political decision that delayed it. I like the track we are on and I am not going to delay the implementation of our plan. Thank you.

Mr. Chock: Thank you. Any further discussion, members? I will be supporting approval on first reading for this. I believe it is necessary for us to move towards our goals for this island. I do like the idea of incentivizing this, and my hope is that our Solid Waste Division will look at ways that they can meet the community half way on this in terms of expanding and moving us forward, looking at our expenses and being accountable how it is we are making some decisions to move towards our goals. As we got some feedback from written testimony, maybe some ways that we can support the recycling efforts that we know is so necessary. I also believe that we cannot enable our people to continue to have bad behavior so we have to do something in order to change that behavior. So, that is why I am supporting this. With that, if there is no more discussion, I will call for a vote, roll call, please.

The motion for passage of Proposed Draft Bill (No. 2551) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for September 24, 2014, and that it thereafter be referred to Environmental Services / Public Safety / Community Assistance Committee was then put, and carried by the following vote:

FOR PASSAGE:

Bynum, Chock, Hooser, Kagawa,



AGAINST PASSAGE:	Rapoza, Yukimura, Furfaro	TOTAL – 7,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	Rapoza	TOTAL – 0,
	None	TOTAL – 0.

Mr. Sato: Seven (7) ayes.

Mr. Chock: Seven (7) ayes, motion passes. I will be turing the meeting back over to Chair Fufaro at this time. Thank you.

Chair Furfaro: May I induldge to ask you if you can continue because I have amendments I am working on?

Mr. Chock: Absolutely. Chair is working on his amendments for the Time Share Bill. So, we will move to the second item. Clerk, if you could read that for us.

Proposed Draft Bill (No. 2552) – A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. B-2014-781, AS AMENDED, RELATING TO THE OPERATING BUDGET OF THE COUNTY OF KAUAI, STATE OF HAWAI'I, FOR THE FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015 BY REVISING THE AMOUNTS ESTIMATED IN THE CRIMINAL ASSETS FORFEITURE FUND (*Kaua'i Police Department, Exercise Equipment – \$70,000*)

Mr. Chock: Thank you.

*(Council Chair Fufaro was noted as not present.)*

Mr. Kagawa moved for passage of Proposed Draft Bill (No. 2552) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for September 24, 2014, and that it thereafter be referred to Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee, seconded by Ms. Yukimura.

Mr. Chock: We have a second on this motion. Do we need to invite our Director of Finance up here for this?

Mr. Kagawa: Chair.

Mr. Chock: Sorry, Police Department. Do you have a question?

Mr. Kagawa: Well, since the officers are here, if they can just give a really brief description so the public knows what the seventy thousand dollars (\$70,000) in exercise equipment for. Thank you. We just need a brief description. Thank you.

Mr. Chock: Thank you for joining us. You can introduce yourselves.

There being no objections, the rules were suspended.

ROBERT GAUSEPOHL, Kaua'i Police Department Acting Assistant Chief:  
Robert Gausepohl, Kaua'i Police Department.

MICHAEL M. CONTRADES, Deputy Chief of Police: For the  
record, Michael Contrades, Deputy Chief of Police, Kaua'i Police Department.

Mr. Chock: Thank you.

Mr. Contrades: Essentially, what we are asking for is, these funds were approved in last year's budget. Unfortunately, due to some procurement issues, we had some difficulty with, we were not able to do the procurement in time. So, the money has not been spent, and we would like to be able to do so in this fiscal budget.

Mr. Gausepohl: Just to be clear, it was my error.

Ms. Yukimura: It is okay.

Mr. Chock: We have some questions. Councilmember Yukimura.

Ms. Yukimura: So, it is not new or additional money. It is money that was earmarked last year and the appropriation for it lapsed at the end of our budget year?

*(Council Chair Fufaro was noted as present.)*

Mr. Contrades: Yes.

Ms. Yukimura: Okay. I just have a quick question. Your cover sheet talks about this would help our officers meet their...there was some kind of physical fitness requirement. Oh, required physical performance standards.

Mr. Contrades: Yes.

Ms. Yukimura: Do we test people for their performance standards annually?

Mr. Contrades: We just started doing that this past year.

Ms. Yukimura: Did you?

Mr. Contrades: Yes, and we want to make sure that our officers are fit for duty and that they are prepared to deal with whatever comes at them. It is a new program. It is the first year that we did annual recall training. Part of the annual recall training, we ran our personnel through the Physical Readiness Standards Test. The Physical Readiness Standards Test is something that is required at the beginning. As you want to come into the Department, you are required to pass that at a certain level. We train the officers during recruit class to pass at a higher level, and that higher level is a standard level throughout the Department. So, this equipment is part of our program to try and get all of our officers up to a certain basic standard. That standard has been validated through a company we hired, called FitForce.

Ms. Yukimura: So, I find that very commendable because certainly, we want our officers to be fit for the job, but also, it means that they are also fit for life for their...

Mr. Contrades: Absolutely.

Ms. Yukimura: ...regular life.

Mr. Contrades: That is a big part of why we began implementing it and working on this project, is the life expectancy of an officer once they retire is not very long, and we would like to be able to prolong that for them by creating good habits and a culture of fitness and health within the Department.

Ms. Yukimura: Yes, it is not just for them, but for their families.

Mr. Contrades: Absolutely.

Ms. Yukimura: Wonderful. So, do you have an indication of how many passed and how many did not?

Mr. Contrades: I am still waiting for the report. Once I get the report, we will know how many officers passed and at what levels. I believe there are five (5) different tests, and some of them may pass all of them and some of them exceed the basic standards, and then some may miss one (1) or two (2) here and there. So, the next year we want to work on getting them to pass those areas. It is in its infancy stages. This is the first time we have done it. So, as we go through for the next year, we will look at making adjustments and seeing how we can help them to pass the basic standards.

Ms. Yukimura: And you are establishing a baseline so you can see if they work out more et cetera, the results that you are getting.

Mr. Contrades: Yes.

Ms. Yukimura: Very good. Thank you very much.

Mr. Contrades: Thank you.

Mr. Chock: Just a follow-up question. Does the program include actual scheduled times that you have to plan a specific kind of workout plan?

Mr. Contrades: We have trained instructors that have the ability to create fitness plans for the officers. So, part of it is we have somebody who needs assistance with schedule or nutrition, they have that ability to provide that service to them.

Mr. Chock: Yes, I think about the treadmill at my house and how unmotivated I am to get to that thing. So, I bought it. It is still there though. I think they have some sort of motivation and actual scheduling, I think, goes a long way. Any other questions?

Ms. Yukimura: So, this company that you have contracted with, to pay them, are we using moneys from this?

Mr. Contrades: This was done several years ago. So, it is already done, the standard has been in place, and it is just a matter of implementation.

Ms. Yukimura: But they are advising your officers with fitness programs and things like that too?

Mr. Contrades: We have trained instructors.

Ms. Yukimura: I see.

Mr. Contrades: So, the company trained our instructors.

Ms. Yukimura: Oh, you have in-house instructors then?

Mr. Contrades: Yes, ma'am.

Ms. Yukimura: I see. Sounds like a good plan. Thank you.

Mr. Chock: Great. Thank you so much for your time.

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Chock: Further discussion? Councilmember Bynum.

Mr. Bynum: Yes, thank you for the quick presentation. You did not really need the discussion, but was it not nice to see that in the dialogue with JoAnn, that the officers had really good thoughtful answers? Thank you.

Mr. Chock: Thank you. I did not call for public testimony. Sorry. No, not yet. So, I would like to because I see you standing there waiting, Alice. Well, please come up.

There being no objections, the rules were suspended to take public testimony.

Ms. Parker: Alice Parker for the record. There was an article in the Garden Island excerpt from the Wall Street Journal titled *What First Responders Will Not Tell You*. Number eight, it is talking about fire fighters, but I think the same could be said for police officers. With emerging exception, the death of three hundred forty-three (343) fire fighters on 9/11 in New York City, fire fighter deaths have been on a steady decline for decades. In 1978, there were one hundred seventy-two (172) on-duty deaths among fire fighters. That fell to eighty-one (81) in 2012 according to the United States Fire Administration (USFA), but the leading cause of line of duty fatality is not burns, smoke inhalation, or building collapses. It is heart attacks, which accounted for forty-seven percent (47%) of such deaths in 2012 since the USFA. In part, that is because even healthy people are vulnerable to a heart attack when under severe stress. Many Departments have had mandatory physical fitness programs including on the job exercises for at least an hour during a twenty-four (24) hour shift.

That brings to mind, the memory of when I audited a Los Angeles Police Department Sergeant. Very nice person. Let us call him Harry. I did not along with the diamond encrusted John Brown belt that he was claiming was an ordinary and

necessary business expense, but we came to a reconciliation and he signed the agreement of the report, and he was going to come back in two (2) weeks and pay the amount due. So, he gave me his phone number. He said, "The problem was the next night he was going out on a stakeout." So, I did not hear from him. I called the phone numbers he gave me. I called the Police Department and he was not available. About a month later, he turned up. On that stakeout at night, there had been a pursuit and he was running along and fell over a bush and broke his back. Now the person had a good sized donut tummy and was not in good shape. So, he was on disability and probably permanently disabled, but he did pay the tax. The poor person, I mean, those donuts really ruined his back. Here you would not have donuts, but you would probably have *malasadas*. So, anyway, you do need the equipment and the people need to use it because we need you.

Mr. Chock: Thank you so much for your testimony.  
Anyone else would like to testify on this item?

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Mr. Chock: Further questions, members or sorry, more discussion on this item before we call for the question? Councilmember Yukimura.

Ms. Yukimura: I just wanted to say how pleased I am that the Police Department, I commend the leadership of Deputy, and are you Assistant Chief now? Acting Assistant Chief Gausepohl, for structuring the program so that there will be more chances that this very expensive equipment will be used and that there will be achievement of the purpose, which is the fitness of our officers, not only for their jobs, but also for themselves and their families. So, it is just a very positive programming, and I commend the Police Department's leadership, and the men who will be participating in this.

Mr. Chock: Further discussion? Councilmember Rapozo.

Mr. Rapozo: Just real quick. I mean, this is Assets Forfeiture money so it is not General Fund money. I love approving these because it is using bad people's moneys for good purposes. So, I just want the public to understand this is from the fund that we have accumulated when assets get seized for illegal behavior. It is really nice to be able to use their money, their supposedly hard earned money, to benefit our police officers and community. So, I will be definitely be supporting this. Thank you.

Mr. Chock: I appreciate that clarification. If no more discussion, we will call for the question. Roll call, please.

The motion for passage of Proposed Draft Bill (No. 2552) on first reading, that it be ordered to print, that a public hearing thereon be scheduled for September 24, 2014, and that it thereafter be referred to Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee was then put, and carried by the following vote:

FOR PASSAGE:	Bynum, Chock, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST PASSAGE:	None	TOTAL – 0,

EXCUSED & NOT VOTING: None  
RECUSED & NOT VOTING: None

TOTAL – 0,  
TOTAL – 0.

Mr. Sato: Seven (7) ayes.

Mr. Chock: Seven (7) ayes, motion passes. I have been noted here that we need to take a break to change the tape. So, if we could, five (5) minutes? Thank you.

There being no objections, the Council recessed at 2:06 p.m.

The meeting was called back to order at 2:14 p.m., and proceeded as follows:

*(Mr. Bynum, Mr. Hooser, and Mr. Rapozo were noted as not present.)*

Mr. Chock: We are back from our tape change, and on Bills For Second Reading. So, if we could read the item, please.

Mr. Sato: Vice Chair, we are on the bottom of page 5.

BILLS FOR SECOND READING:

Bill No. 2548 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Time Share Tax Classification Proposal*)

Mr. Chock: Thank you. I know we have some questions and some amendments on the floor.

Ms. Yukimura moved for adoption of Bill No. 2548 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Council Chair Furfaro.

Mr. Chock: We have a motion here. We will move to Chair here, for a presentation on it.

Chair Furfaro: No, actually. I believe I wanted Steve to come up first so the members can get a little more information. Can I make that request?

Mr. Chock: Yes, please.

There being no objections, the rules were suspended.

Ms. Yukimura: So, Chair, there is a motion on the floor.

Mr. Chock: Motion on the table, yes.

Ms. Yukimura: Thank you.

Mr. Chock: Thank you for the motion. Director of Finance, Steve, thank you. I will turn the floor over to you.

Chair Furfaro: No, want you to run it. I am still working on a presentation. Why do you not give Mr. Kagawa the floor?

Mr. Chock: Thank you.

Mr. Kagawa: Thank you, Chair. Well, I wish the other members were here too to hear some of these because I feel this is a very risky thing that we are doing. Can we rehash some of what we heard last week just to make sure?

STEVEN A. HUNT, Director of Finance: Sure.

Mr. Kagawa: So, the old way of valuing Time Shares was we took the language from Florida, did you say?

Mr. Hunt: Yes.

Mr. Kagawa: And the old language is very, I would say, obsolete?

Mr. Hunt: Yes.

*(Mr. Bynum and Mr. Rapozo were noted as present.)*

Mr. Kagawa: Because basically people's taxes are all over the place just based on amounts of shares they sold.

Mr. Hunt: Right. Steve Hunt, Director of Finance for the record.

Mr. Kagawa: Thank you.

Mr. Hunt: Yes, Councilmember Kagawa, the system is obsolete for many reasons. One is the majority of interest that is being conveyed now are not deeded interest of the property, but rather points, and points by nature of what they are, are personal property, not real property. So, although they are conveying rights through the points, they are not actually real property interest that are conveyed, which makes the Ordinance as it reads today, really non-implementable.

Mr. Kagawa: Okay.

Mr. Hunt: Then the other issue which you alluded to, of course, is the valuation discrepancy. As some of these properties have come down to virtually selling some of these units for peanuts, really, they are looking for people to assume the maintenance dues more than anything else. So, some of these giveaway prices have forced the units down to as low as fifty-one thousand dollars (\$51,000), I think is our low unit for a one (1) bedroom or a studio that somebody is in, and you cannot find a condominium, wholly on condominium, island wide for that kind of price. So, there is a major discrepancy and it is even more glaring when you have those units both in the same project where you have a wholly owned condominium and you have a time share that are identical in physical characteristics, but in valuation, are far apart from one another.

*(Mr. Hooser was noted as present.)*

Mr. Kagawa: Steve, you approximate that the time share will raise how much additional revenue?

Mr. Hunt: If it were to go uncapped and we were to release it at the current rates for Hotel and Resort with again, real preliminary values where we have modeled those time shares against condominiums, in the ballpark of about four million five hundred thousand dollars (\$4,500,000).

Mr. Kagawa: Four million five hundred thousand dollars (\$4,500,000). That is the figure we heard the last time. How much do we receive from time shares now, approximately?

Mr. Hunt: I have not run that separately.

Mr. Kagawa: Okay.

Mr. Hunt: I have only looked at the differential.

Mr. Kagawa: We believe that there are about two thousand seven hundred (2,700) properties or is it more like four thousand (4,000), like the Chair...

Mr. Hunt: I believe Chair mentioned about for thousand five hundred (4,500). I thought we were somewhere around two thousand six hundred (2,600), two thousand seven hundred (2,700), but I guess I would have to check on that, and what is classified as Time Share. Some units have come out. Some of the older ones, Mokihana, Kaua'i Kalani, some of the first originals that were on leasehold have actually fallen out. So, there has been some minor adjustments. I would have to look to see in the plans because they do register plans with the Department of Commerce and Consumer Affairs (DCCA), Real Estate Division, what actually is registered as a Time Share plan and how many units are in that plan.

Mr. Kagawa: So, if I average the four million five hundred thousand dollars (\$4,500,000) increase and average it over two thousand seven hundred (2,700) owners, that would be about one thousand seven hundred dollars (\$1,700) per month more, per individual Time Share. If I use Chair Furfaro's four thousand five hundred (4,500), that is an easy division. That is about one thousand dollars (\$1,000) more per unit. We said that Time Share occupies about half of our visitor industry?

Mr. Hunt: In terms of the units that are available for short-term vacation use, yes. I believe it is about that.

Mr. Kagawa: So, I guess, is there any economic impact that you folks can foresee with increasing this yearly Real Property Tax, just one (1) part of the many fees that they have as Time Shares increasing that much all of a sudden?

Mr. Hunt: The most recent conversation I had dealt with Pono Kai, which has a mix of Time Share and condominiums, and actually some leasehold still remaining in that project too. So, it is a really mixed bag, but in discussion what the maintenance dues were relative to what the property tax portion of that maintenance due, currently, it was only about three percent (3%) of the monthly maintenance due represented the collection from property taxes. It has been



much higher, but as our taxes have gone down because the values have not gone down on the system, that percentage of property taxes is much smaller.

Mr. Kagawa: Okay. So, have you worked out any suggested...last week, I asked that we perhaps phase it in over four (4) years or...

Mr. Hunt: I believe there may be some amendments coming.

Mr. Kagawa: Okay. Great.

Mr. Hunt: The most recent discussions that I have had deals with, obviously, removing the classification so they would not be in a class into themselves. They would be part of the Hotel and Resort, and then the second one would be the phase in, which I believe we are looking at a one-time phase in. So, it would be whatever increase you would have for the next 2015 year, you would only realize half of that increase in 2015, and then by the 2016 assessment, you would be at your market. Excuse me, if I could retract. It would be half of the value increase, not the taxes. So, you still have some control on tax if you decided to change tax rates.

Mr. Kagawa: Oh, you are going to use half of the value the first year...

Mr. Hunt: Right. So, as an example, if you had a time share valued at one hundred thousand dollars (\$100,000) and it went to market as a condominium at three hundred thousand dollars (\$300,000), the halfway of that difference is two hundred thousand dollars (\$200,000). So, one hundred thousand dollars (\$100,000) would be added. So, it would essentially go from one hundred thousand dollars (\$100,000) to two hundred thousand dollars (\$200,000) for next year, and then assuming that value was the same for the following year, then it would be released to the three hundred thousand dollars (\$300,000) in the subsequent year.

Mr. Kagawa: Well, is there any chance of working out, I guess, more numbers because I may be looking at four (4) years? Is that a possibility? Even maybe like a mixed bag, but maybe half...well, I do not know. I mean, there are many ways to slice this up. I am really worried about the impact of that price. I guess my question was more of that. How does that one thousand dollars (\$1,000) or one thousand six hundred dollars (\$1,600) per unit, whatever our actual cost, how does that affect the person online thinking about buying a time share here or thinking about buying one in Maui or what have you, and how does that put us market wise?

Mr. Hunt: So, if I kind of look at just your analysis where you took the four million five hundred thousand dollars (\$4,500,000) divided by, say, two thousand seven hundred (2,700) units, for argument sake, it would be lower if it was the larger number. That is roughly about thirty-two dollars and sixty-eight cents (\$32.68) per interval per year, which then would be about less than two dollars and sixty-seven cents (\$2.67) a month per interval owner.

Mr. Kagawa: So, you are going thirty-two (32) times four (4)?

Mr. Hunt: Divided by the fifty-two (52) units, right? So, the thirty-two (32) divided by twelve (12).

Mr. Kagawa: Okay.

Mr. Hunt: Twelve (12) months, if you broke it monthly just to see what the average is.

Mr. Kagawa: Okay. Thank you.

Mr. Hunt: Again, that only represents roughly on one (1) analysis about three percent (3%) of the maintenance dues. So, even if it did double going to six percent (6%) of the maintenance dues, the property taxes are not the biggest fess that these owners are paying. A lot of it has to do with the management and sometimes the fact some of these are in default, and the existing owners have to cover their share. I think that is the bigger concern.

Mr. Kagawa: Thank you. Thank you, Chair.

Mr. Chock: Thank you. I am inclined to try and get us to the amendments because I know that is really where the discussion needs to move, but I did have a question from Councilmember Yukimura. So, if you would like to follow with that now.

Ms. Yukimura: Real quick. When you say some of these properties have "fallen out," you mean they are no longer time share? They have gone back to...

Mr. Hunt: Yes, in the case of those two (2) specific ones, they were in leasehold projects and the project never renewed the lease. So, anyone who had time share interest in Mokihana or Kaua'i Kalani, basically defaulted their interest in that. The properties were subsequently sold and are being redeveloped as condominiums. I believe the fee was purchased on them as well.

Ms. Yukimura: Okay. So, I just wanted to understand what you were saying when you said "fallen out." I think we heard testimony last meeting from the industry that they are willing to go to the more rationale valuation system, and you have had talks with them. So, that is one place of agreement, right?

Mr. Hunt: Yes.

Ms. Yukimura: It was the Time Share classification that they were worried about, which you said could be used to amortize the increase.

Mr. Hunt: Right.

Ms. Yukimura: But at any rate, there is agreement on the valuation, not agreement on the Time Share category, but I think we have an amendment coming forth. Thank you.

Mr. Hunt: I think we are in agreement now, to keep them in the Hotel and Resort, that they did not need their own category.

Ms. Yukimura: Right. Okay.

Mr. Hunt: I think the only discussion that is still left is the phase in and we would prefer it much shorter, obviously, because again, a

condominium owner that is paying taxes based on value that is already at market value and continuing to watch the Time Share slide every year, a two (2) year adjustment relative to the percentage of taxes that this would mean in their maintenance dues is probably doable.

Ms. Yukimura: Okay. So, we will look for the amendments then as Vice Chair is wanting to do. Thank you.

Chair Furfaro: Steve, recently, that was a perfect example of an older property that actually at one time, was paying pretty minimal property tax because of the depreciated value of the building. Then, it has turned around and it has sold at two hundred seventy-six thousand dollars (\$276,000) starting, right? So, for us, it is found money, right?

Mr. Hunt: Right.

Chair Furfaro: I want to make sure using this example, we have two (2) condominiums up on the North Shore. We have many like this. We have one of the earlier ones done during the time that Princeville's ownership was under Eagle County Development, and those properties are at about one thousand five hundred dollars (\$1,500) a week right now. The building then comes to a value of seventy-six thousand dollars (\$76,000). Right next to it is a lesser condominium in size, but it is fee simple, and that is two hundred ninety thousand dollars (\$290,000).

Mr. Hunt: Yes.

Chair Furfaro: So, you can see the disparity there, and in talking earlier in the morning with our first testifier. To be equitable in that one category, we need to treat resorts, condominium fee simple, condominium partnerships, and condominiums with points, we have to treat them all on an equal basis, which is in fact the reason we are saying they all get appraised for their building value, not their Time Share value, not their point system. That is what we are sharing here.

Mr. Hunt: Yes.

Chair Furfaro: Then, I do not know if we should go four (4), but one of the things I heard from those operators, and I know many of them and I know many of them at their corporate office too. Maybe they are saying if we stay in the one category, the additional value is maybe spread out over, at the most, I am telling them two (2) years. So, you take the example I gave you, new units that are at two hundred seventy-five thousand dollars (\$275,000) in value and are sold as condominiums and so forth, next to a one that is currently based on their time share prices of seventy-six thousand dollars (\$76,000), that is a two hundred dollars (\$200,000). When we split the difference of the two hundred thousand dollars (\$200,000) and we add half of that to the original value of one hundred seventy-six thousand dollars (\$176,000), and then the following year we add the other half. So, immediately, we benefit the difference of seventy-six thousand dollars (\$76,000) of property taxes to one hundred seventy-six thousand dollars (\$176,000), which is established similar to resort condominium, and then in the second year, they get it fully appraised at their replacement value. Is that something we can deal with?

Mr. Hunt: Yes, and we have checked with our technical advisor too from our programmer that says if we are sticking to valuation caps much easier to implement than a tax cap that we can do this.

Chair Furfaro: Okay, because that is what I am basing my amendment on. Then, I would not go more than that, but I would like to be able to say that we can get to our entitlement of four million five hundred thousand dollars (\$4,500,000), but we would have to get to it over a period of two (2) years. This is a plan to get us to the full value that we benefit from and they have basically, this number spread over a two (2) year period. Doable?

Mr. Hunt: Doable.

Chair Furfaro: Doable. Okay, thank you. Thank you, Chair.

Mr. Chock: Great. We do a question for the...

Mr. Rapozo: I do have a question for him real quick.

Mr. Chock: Oh, okay.

Mr. Rapozo: And then I have one for the attorney as well.

Mr. Chock: So, why do we not take questions for Steve now, if we could give you the floor, and then you have a clarifying with...

Mr. Bynum: I have a question for the Chair, if it is possible.

Mr. Chock: Why do we not take this one if that is okay?

Mr. Bynum: Sure.

Mr. Chock: And we will follow through with you.

Mr. Rapozo: Thank you, Chair. Steve, there has been some discussion about the fractional ownership of homes. Are we looking at that as well?

Mr. Hunt: The fractional ownership of homes, you can actually sell a one-sixth (1/6) interest in a property, and have six (6) owners owning two (2) months of a property without registering for the Time Share plan. So, they are not required. It is fractional, but it is not classified as Time Share. So, these owners are in two (2) month intervals. The issue is if the owners themselves are using it for the two (2) months, it is much likely residential use. It is just the owner, and they are sharing the ownership. If those owners are taking their two (2) months and then putting it into some kind of a pool where they are vacation renting, then it becomes a vacation rental. It is certainly going to be a challenge for compliance and enforcement on that, but that is how I see it, as if it is truly a one-sixth (1/6) interest and you are using it two (2) months of the year, but you are sharing it with other families because you could not afford to buy a home as a second home for yourself, then it would be under the Residential category. If you are in fact making a business out of that and you bought a one-sixth (1/6) interest and you are pulling it and putting it out for rent in trying to generate short-term rental income, and subject to TAT now, then that would be classified as Vacation Rental.

Mr. Rapozo: No...

Chair Furfaro: That would only be subject to TAT if you report it. That is the other part.

Mr. Hunt: That is true.

Mr. Rapozo: Well, I think...

Chair Furfaro: They have to report it.

Mr. Rapozo: That is where I am heading because from what I am hearing is there are quite a few properties here, mainly on the North Shore, that are fractionally owned, similar to a condominium. It is just a home.

Mr. Hunt: Right.

Mr. Rapozo: But you are saying, what is the one-sixth (1/6)?

Mr. Hunt: The one-sixth (1/6) is what the State DCCA Real Estate Division, there is an Hawai'i Revised Statutes (HRS) requirement. I cannot cite it, but it has to do with whether or not you are subject to a Time Share plan. Once the fractional interest goes below a two (2) month ownership or one-sixth (1/6) ownership, then it is subject to it. So, once you are selling a seventh interest in a property, you have to register that as a Time Share unit.

Mr. Rapozo: Okay. So, right now, the one-sixth (1/6) interest are free from?

Mr. Hunt: Time Share.

Mr. Rapozo: Time Share?

Mr. Hunt: Correct.

Mr. Rapozo: And that is a State law?

Mr. Hunt: I believe it is HRS, yes.

Mr. Rapozo: Thank you.

Mr. Chock: Do follow-up on this specific conversation?

Ms. Yukimura: Yes. So, Steve, following-up on Councilmember Rapozo's question, that house that is fractionalized to one-sixth (1/6) interest, that is going to still be valued at the valuation of the whole?

Mr. Hunt: Yes. If it is a single family residence we would look at what other single family residences are selling.

Ms. Yukimura: Right.

Mr. Hunt: We are not going to take the sale of the one-sixth (1/6) interest and accumulate them and say this is you getting premium.

Ms. Yukimura: And even if they fractionalize it more, under the changes we are proposing, we are still going to get the full value, or we are going to value that house for its whole value, right?

Mr. Hunt: Yes.

Ms. Yukimura: Okay. Thank you.

Mr. Chock: Councilmember Bynum.

Mr. Bynum: I just wanted to...I was listening with interest to what they Chair was saying, and I just wanted a clarification. Would this amendment say, you do the first one hundred thousand dollars (\$100,000), and then that is the stop loss, and then above that, there is some combination or would it be across the board, fifty percent (50%) this year and fifty percent (50%) next year?

Chair Furfaro: I am saying across the board.

Mr. Bynum: Okay, and I guess my concern would be the property who is total increase is say, twenty thousand dollars (\$20,000) or twenty-five thousand dollars (\$25,000), that is not a big significant jump in one (1) year, but we are going to split that up. It will have significant revenue. I was contemplating something similar, like the Mayor is talking about in other areas, a stop loss. If your jump is so big, then we are going to have a stop loss, but if it is smaller, we are not going to give you relief this year and just go ahead. I would like an opportunity to maybe calculate those costs differently. This is second reading, are we in a position today where we can defer for other amendments or is this on a deadline?

Mr. Hunt: Well, the deadline is tight because this is something we have to implement before October 1<sup>st</sup>, and that includes giving the assessor time to get that valuation and the programming that we would need to create those assessed values that would be different from market value. So, it is pretty tight. I cannot speak what the timeline is.

Mr. Bynum: Vice Chair Chock, did you want me to continue with questions with him or go to someone else because I just asked to speak with...

Mr. Chock: We had one (1) clarifying question as well. Chair, if you want to follow-up.

Chair Furfaro: I just wanted an acknowledgment. So, whether their property is fractional, a point system on the marketing, a pure fifty-one (51) week interval, all systems, and I think that is what JoAnn was leading to, all systems. It is a resort condominium building and will always find itself no matter what operational standard they are in, everybody has equity. No. Everybody has equality in the valuation. Nobody is saying I am only paying on seventy-six thousand dollars (\$76,000). Everybody would be in that position.

Mr. Hunt: Correct. Everyone will be valued either under the cost or the market system. In this case in condominiums, it would be under the market system, which uses comparables.

Chair Furfaro: And the DCCA, am I correct, they do not allow more than a two (2) month partnership ownership. If you go to the next tier of seven (7) or eight (8) fractions, it is automatically Time Share, right? Thank you very much.

Mr. Chock: We have further questions from Councilmember Bynum for the Director of Finance, followed by Councilmember Yukimura.

Mr. Bynum: Yes. Last time we had the discussion here, we had testimony from Lāwa'i Beach Resort and Pono Kai, which are these properties that I know are going to have big increase in some of their Time Share properties. So, I am interested in this idea of phasing in. I was thinking more phasing for the dramatic changes particularly for those properties. So, in that context, did you say last week that four million five hundred thousand dollars (\$4,500,000) is if we just did not put them in a different class, but charged the same as Vacation Rental, that the revenue increase would be four million five hundred thousand dollars (\$4,500,000)?

Mr. Hunt: Actually, it would be the same as Hotel and Resort, not Vacation Rental.

Mr. Bynum: Okay. So, it would be...

Mr. Hunt: So, if we were to uncork the Time Share values and get them into valuations based on comparable condominiums sales at the current classification, which is in the Hotel and Resort, the difference in revenue would be roughly four million five hundred thousand dollars (\$4,500,000), but do not fixate on that. Again, it is a refinement.

Mr. Bynum: I am not. Right, roughly. I understand.

Mr. Hunt: I would like to say a range of four million dollars (\$4,000,000) to four million five hundred thousand dollars (\$4,500,000).

Mr. Bynum: So, in terms of phasing in, I really...so, like if there is a stop loss and if your valuation difference is more than seventy-five thousand dollars (\$75,000) or one hundred thousand dollars (\$100,000), then we phase it in, but every property pays the first seventy-five thousand dollars (\$75,000) say. That is seventy-five thousand dollars (\$75,000) times the tax rate of?

Mr. Hunt: Ten dollars and eighty-five cents (\$10.85).

Mr. Bynum: So, about...like if we made that stop loss seventy-five thousand dollars (\$75,000), it would be...help me do the math.

Mr. Hunt: I honestly have not spoken to the programmer.

Mr. Bynum: Like an eight hundred dollars (\$800) increase, right, not the one thousand six hundred dollars (\$1,600)? So, I would really like to do

the math and look at the difference because I am concerned about a property whose increase was thirty thousand dollars (\$30,000).

Mr. Hunt:

Right.

Mr. Bynum: That is thirty thousand dollars (\$30,000) times ten (10), three hundred dollars (\$300), divided by all of these Time Share interval owners. The other way to look at that four million five hundred thousand dollars (\$4,500,000)...I am sorry. Did you want to respond?

Mr. Hunt: Yes, I just wanted to mention that one of the problems, if you start looking at a fixed amount and especially if you are focusing on ones that are in that fifty-one thousand dollars (\$51,000), seventy-six thousand dollars (\$76,000) kind of value. If you have a fixed amount, we are only going to allow it to increase fifty thousand dollars (\$50,000) or one hundred thousand dollars (\$100,000), well, when you start getting into the condominiums that are one million dollars (\$1,000,000), they are all going to start hitting that really quickly.

Mr. Bynum:

Right.

Mr. Hunt: So, you are preventing potential revenue from those categories as well.

Mr. Bynum: I have a difficult...I mean, is it not fair to say that the other way to look at this four million five hundred thousand dollars (\$4,500,000) is that this had to be made up by other tax payers over the last four (4) or five (5) years? I mean, we contemplated this Time Share Bill four (4) or five (5) years ago, and it was like no, no, no. We cannot stand the increase. Same argument, right, and we delayed it. That is four million dollars (\$4,000,000) times five (4) years. So, I have a real hard time amending this Bill where somebody's increase is going to be thirty thousand dollars (\$30,000) or fifty thousand dollars (\$50,000) that they would phase in over two (2) years. It is way past time that those properties stepped up and paid what is fair. We are going to have a difficult time balancing the budget next year. This is a potential source of revenue that is fair. We all agree to that, that it is not fair to have condominium at the exact same usage paying way much more, but that has been the pace. So, I am cool with phasing it in, but not just kind of blanket at fifty/fifty (50/50) because what about those properties that are not paying that much more and they had this break for a long time.

Mr. Hunt:

Well, the...

Mr. Bynum:  
Steve.

So, at least without seeing the numbers,

Mr. Hunt: Sure, but just so you understand, the fifty/fifty (50/50) is relative to the increase. So, if a property say was on the extreme, quadrupled in value, it is still doubling at the fifty percent (50%).

Mr. Bynum:

Right.

Mr. Hunt: So, if have someone that is going from one hundred thousand dollars (\$100,000) to four hundred thousand dollars (\$400,000), it would be two hundred thousand dollars (\$200,000). You could have another property that is going from two hundred thousand dollars (\$200,000) to four hundred thousand



dollars (\$400,000), it is only three hundred thousand dollars (\$300,000). So, it is relative within their range of increase.

Mr. Bynum: Right, and in this mix we have properties that are going from two hundred thousand dollars (\$200,000) to like two hundred forty thousand dollars (\$240,000), right?

Mr. Hunt: Yes.

Mr. Bynum: So, that forty thousand dollars (\$40,000) increase would only be four hundred dollars (\$400), five hundred dollars (\$500), right? But we are going to say that "Oh, there is a whole bunch of them." I will pay two hundred fifty dollars (\$250) this year and two hundred fifty dollars (\$250) next year. We are going to lose that two hundred fifty dollars (\$250) and asking them to go up to four hundred dollars (\$400). To get parity is not a big ask right now. So, we have to look for every dime. I think the differences might be if there is some kind of stop loss. So, if we do not use a dollar figure...

Mr. Hunt: Percentage.

Mr. Bynum: You said you have million dollars properties, do we have properties in this class that are going up more than two hundred thousand dollars (\$200,000) in value because of this change?

Mr. Hunt: Possibly.

Mr. Bynum: Is my point clear though, that...

Mr. Hunt: Yes.

Mr. Bynum: ...if we put a stop loss in, that we are probably going to capture more revenue next year. If we have time, I would like the opportunity to explore those numbers because I like the Chair's idea, and I am supportive of it. I just think some modification might be in order. That is my two cents.

Mr. Chock: We have more questions so we are going to move forward.

Ms. Yukimura: Yes, I think we need to see amendments that have been prepared before we...

Mr. Chock: Yes, that is right.

Ms. Yukimura: But I am interested in a very targeted amortization phase in, and I heard last week about the possibilities for that. My question is, if we deferred this matter for two (2) weeks, which would be September 10<sup>th</sup>, I mean, pass the amendments that we have here, and then look to make sure that there can be a one (1) to two (2) year phase in with some ideas Tim is talking about. September 10<sup>th</sup>, will that be enough time for you to establish this category or not?

Mr. Hunt: Well, it would not be a category.

Ms. Yukimura:

Sorry. My apologies.

Mr. Hunt: But it would be, we need to establish the value. First we need to establish if we are going to be market values. That is the first if we decide here that we want to market value those, at least in concept, I should be giving the green light to the assessor to say, "At least get us a market value. Do it with condominiums," and then whatever kind of relief that comes out of that, if that is going to be staggered. Then, I need to check with our programmer to say, especially if it is a value cap because I really do not want go to the tax cap.

Ms. Yukimura:

Okay.

Mr. Hunt:

That is dangerous.

Ms. Yukimura:

Yes.

Mr. Hunt: If we go that value cap, that releases a portion of it and you will get a market assessment of say, five hundred thousand dollars (\$500,000) and an assessed value of three hundred thousand dollars (\$300,000), you would have that difference and be paying taxes on the three hundred thousand dollars (\$300,000). That still requires some programming and whatever parameters that are going to be tied to that, if there is going to be a certain amount, dollar or percent that is allowed to flow through without being capped versus one that hits the threshold and then is capped. Those things need to be flushed out and programmed. All of that needs to be done with a really complete assessment list by the third week of November to go to the December prints, and that will actually be mailed out. So, it is very tight.

Ms. Yukimura: Thank you for giving us a clear picture. So, I have not heard any objections either in the public or on this floor to removing the artificial formula and going to the standard valuation process. So, we should, at minimum, accomplish that here with an amendment. Then, maybe once the amendments are introduced, we can see what work more needs to be done. Maybe we just...I do not know. Anyway, let us...

Mr. Chock:

Thank you.

Ms. Yukimura:

Let us go forward there.

Mr. Chock: So, I mean, we have more questions coming this way. So, I will hand it over to Councilmember Rapozo, and hopefully we can get to these amendments.

Mr. Rapozo: Thank you. Steve, is it the Administration's intent to propose rate increases following this Council action?

Mr. Hunt:

To the Hotel and Resort class?

Mr. Rapozo:

To the Time Share.

Mr. Hunt: At this point, we are conceding that we would not ask for the Time Share class.

Mr. Rapozo:

Not on this go around?

Mr. Hunt: Right.

Mr. Rapozo: But I am talking about the next go around.

Mr. Hunt: I do not think we are looking at a separate class or a separate taxation rate. So, it really depends on where the values and distribution in the classes are going to come. I do have some concerns about the enforcement of Transient Vacation Rental (TVR) pulling properties that we are currently classifying for taxation purposes are TVRs, coming out and going into a Residential category. So, there could be loss revenue from that. So, I would be hesitant to commit on any rates until I actually see the certified role and know what I have to deal with in terms of value.

Mr. Rapozo: I guess the last question is, the potential impact. You are giving us some scenarios, some hypotheticals, but have we really done an analysis of all of the properties that will be impacted? I guess one of my concerns, and maybe you can address that, is the foreclosures of Time Shares.

Mr. Hunt: Yes.

Ms. Yukimura: Of what?

Mr. Chock: Time Share.

Mr. Rapozo: Foreclosures of Time Shares. Have we done an impact or a study so we do not get any surprises like we did with the Real Property Tax?

Mr. Hunt: It is case by case. Some projects have a very minimal level of foreclosures and take backs, and other ones are sitting on larger amounts of inventory and have to either rent them out in the interim to generate some revenue to pay for their portions of the maintenance dues until they can get the sold. Again, I try to do this uniformly. I do not try to look at whether one (1) or two (2) projects would hold up the process. To me, first and foremost, it is a valuation issue. If they are not being valued correctly and they are getting a huge discount from other condominiums, it is a fairness issue. Certainly...

Mr. Rapozo: Well, I agree. Again, the impact whether fair or equitable or whatever, the impact could be...

Mr. Hunt: It would be similar to saying we actually prevented some foreclosures because we let them drop from two hundred ninety thousand dollar (\$290,000) units down to seventy-six thousand dollar (\$76,000) units. Maybe there would have been more foreclosures.

Mr. Rapozo: Well, I am talking about...

Mr. Hunt: I do not know if we prolonged the pain or not.  
I do not know.

Mr. Rapozo: Okay. Thank you.

Mr. Chock: Chair.

Chair Furfaro: Yes. We are talking about possibly a two (2) prong approach that can be equal for everybody. Earlier I mentioned to you folks that whatever happens with our share of the TAT, we only have two (2) years to work it out. That is why I am proposing an amendment that is not more than two (2) years. I think you also need to speak up a little bit more about the fact the simplicity in doing it for everyone simultaneously rather than sort out the differences, is probably a key component to getting it done rather quickly and in a timely fashion. I mean, you have some operational benefits there. When it comes to those things, believe me, I know what I am talking about with the resort business. The fact of the matter is the foreclosure numbers are about two and a half percent (2.5%). If they doubled, so maybe they went up to four percent (4%), but let us not forget. This is now the management company that needs to look at this particular piece and say, "Are we trying to resell the Time Share, or as the thing comes together, are we trying to resell a unit?" The unit always has value. Now, here is the difference. I am cooking a steak in the restaurant, and you know what? I have about a week's worth of value when I put it in the refrigerator because I did not sell it that night. It is highly perishable. An empty unit is not perishable. It is the management company making the decision if they now want to rent that on a nightly basis. It just takes a little more work from them, but it is easier for them to try and first sell that week that was foreclosed on. I have to make sure we understand, if you are in a restaurant business, it is a perishable asset. You are in a condominium that has been built, it is not that perishable. In some of these items, if you look at it, a one thousand one hundred dollars (\$1,100) increase in property tax for a fifty-one (51) week a year unit is basically an increase of twenty-five dollars (\$25). Most of the hotel rates have already increased thirteen percent (13%), and that is proven by the lodging industry numbers. So, let us not get overcomplicated. We had testimony from Pono Kai. We had testimony from Lāwa'i Beach Resort. So, we have owners there, and everything that I am reading, they understand where they are going, they do not want to be in a separate category because they can be targeted, but they are also saying, "We have already done our budgets for the year, at least phase this in over two (2) years." Those are the amendments on the table. Also, nobody is going to revisit the TAT tax if they stay faithful for what they passed. We know we have Transient Accommodations income one way or the other for at least two (2) years even though it is not what we want, we are getting it for two (2) years. Thank you.

Mr. Chock:

Mr. Kagawa.

Mr. Kagawa: Thank you, Chair. So, if a person rents a condominium, they pay at the Residential rate if they do not have an affordable...

Mr. Hunt: Depends how they rent it. Are they renting it as a long-term rental or Vacation Rental?

Mr. Kagawa:

Just a long-term rental.

Mr. Hunt: Residential category.

Long-term rental, then they would be in the

Mr. Kagawa: Residential category. So, the difference is almost five dollars (\$5) between that and the Time Share.

Mr. Hunt:

The rates.

Mr. Kagawa: So, I mean, once we classify them into this *ad valorem* method, then they really are going to be paying a lot more than a condominium owner, right?

Mr. Hunt: Yes. The valuation should be pure. It should be done the same. The classification is where the rate differentials make the difference whether it is going to be Homestead, a residence, a Vacation Rental, or in this case, for Time Share or a Hotel and Resort. So, you are absolutely right that there are differences in the tax rates based on the use of the property, but the valuation of all of those scenarios for the same unit, should be identical.

Mr. Kagawa: Steve, if it does get deferred, if there is any chance that maybe members can get just a snap shot of some individual cases like I requested with the cap removal, take maybe one (1) Time Share at Pono Kai, one (1) are Lāwa'i Beach Resort, a couple more, maybe the new one across Safeway, and one (1) maybe at the North Shore but just to have an idea of what is happening, I think could give me a little bit more ease as to what is really happening, how bad was the old Florida system of valuating their properties compared to what is...and I know you folks do not really do the final appraisal until this Bill is approved, but if you can have some kind of ballpark figure on those questions, I would really appreciate it. Again, real life scenarios so we do not have that big scare when we approve it, and have everybody complain to us, and we have to get a workshop. I just think if we can at least get some comfort prior. Thank you.

Mr. Chock: Thank you. It looks like we are moving in the direction of agreement on these two (2) amendments and a request that we have more time to look at this for any additional. So, at this time, I will give the floor to Councilmember Yukimura.

Ms. Yukimura: Yes, Mr. Chair, I do not think we will know whether we will need additional until we see the amendments. So, if people are through with questions for Steve, I would like to invite the Chair to introduce his amendments so we can look at it.

Mr. Chock: I want to too.

Ms. Yukimura: It will make our discussion more concrete.

Mr. Chock: Okay. So, there are still questions, one (1) for the County Attorney, but if we have one (1) more question for Steve, then...Mr. Hooser.

Mr. Hooser: Yes, thank you. I have been kind of quiet listening to everybody. My concerns are a little bit different, but I share Councilmember Kagawa's fundamental concern that it is déjà vu all over again. As we sit here having this discussion, I have gotten the minutes from our cap removal discussion, and the same thing. He wants copies of exact situations and we are worried about sudden increase here and there, we are given assurances, and told that we do not have much time. It just does not feel good. So, I want those same assurances because even one (1) sudden high increase could put somebody out of business. So, on one hand we are looking for equity, and the other hand we are chasing the nine million dollars (\$9,000,000) hole in next year's budget. So, I am concerned that chasing that hole in the budget makes us move faster than we might normally move. We have not had our tax workshop. We are piecemealing this. So, if

you could give me some assurances that there will not be these unintended consequences and we will not put somebody out of business.

Mr. Hunt: I cannot give you the assurances as to what the business operations are for any management.

Mr. Hooser: Okay. So, you cannot run a model to see...

Mr. Hunt: I can tell you what the valuation changes might be, but I cannot tell you whether if someone was paying three percent (3%) of their maintenance dues, property taxes doubles and goes to six percent (6%) or goes to twelve percent (12%) of the maintenance dues in property taxes, twelve percent (12%) increase to their maintenance dues whether that all of a sudden puts a project in jeopardy.

Mr. Hooser: But you could show us, could you not, which properties...

Mr. Hunt: Yes.

Mr. Hooser: ...would incur the very large swings?

Mr. Hunt: Absolutely.

Mr. Hooser: You could do that?

Mr. Hunt: Yes.

Mr. Hooser: The other thing that I would like to see is that, and this is part of the community conversation we are having right now and we had it earlier, is the answer to that nine million dollars (\$9,000,000) hole can that all be filled with raising taxes? I would like to see the Administration come and say, "Okay, we are going to get four million dollars (\$4,000,000) from taxes and four million dollars (\$4,000,000) from something else, from cutbacks or from attrition or from something." So, it is difficult for me to sit here and vote, and I am not going to do it. So, hopefully, the Administration could look at that and come up with some proposals to slow spending or cut spending to balance with all of these tax increases, that you are asking for. Thank you. Thank you, Chair.

Mr. Chock: With that, I would like to...thank you so much, Steve. I think we do have one (1) more question here, and it is towards our County Attorney. So, if we can call Al up, and I will hand the floor to Councilmember Rapozo.

Mr. Rapozo: Thank you, Mr. Chair.

ALFRED B. CASTILLO, JR., County Attorney: Good afternoon everyone. Good afternoon Council Chair and Councilmembers. County Attorney, Al Castillo. I hope dearly that I can help you because I do not know what this question is all about.

Mr. Rapozo: Yes, and I apologize. I was not here at the last meeting.

Mr. Castillo: No, do not have to apologize.

Mr. Rapozo: I do not need an answer if you do not know because I do not expect you to know it, but I am hoping that you do. It is relating to the litigation on Maui as it relates to the Time Share taxes and the tax system that affects Time Share. A part of it is a Sunshine Law violation where this disseminated some E-mails or whatever prior to the meeting, and I understand that part, but I believe there was also an equal protection issue. Again, Al, if you are not familiar...

Mr. Castillo: No, no. I am glad you said Maui because I am in close contact with Patrick Wong, the Department of Corporation Counsel. Ask the question, and I can give him a call and try to understand his scenario, try to reconcile his scenario with ours, and I can come up with an answer for you.

Mr. Rapozo: Al, I apologize for springing that on you, but it was only as I was trying to do some research on my iPad today, that I came across that. I asked our staff and I think Christiane is actually trying to research that as well. I was not aware of it.

Mr. Castillo: No, it is not problem at all because if I do not have the answer, I can surely get it for you.

Mr. Rapozo: I just want to, because I am assuming that your office reviewed the Bill language.

Mr. Castillo: Yes.

Mr. Rapozo: It could be totally apples and oranges from Maui, but if you could take a look at that, I would appreciate it.

Mr. Castillo: Okay, we will.

Mr. Rapozo: Okay. Thank you.

Mr. Castillo: Thank you.

Mr. Chock: Okay. Thank you. You have a question as well?

Ms. Yukimura: Yes. What was the question to the...I am not clear what the question was to the County Attorney.

Mr. Castillo: It was an equal protection question regarding, and how it can be reconciled and compared to the Bill at hand. So, I will be calling Pat Wong and asking him about this situation.

Ms. Yukimura: Are we asking whether the case in Maui, which is pending right now in court, whether any of the issues before the court apply to us and if so, how we are in terms of creating this Time Share Bill? That is the question?

Mr. Rapozo: That is the question.

Ms. Yukimura: Okay. Thank you.

Mr. Castillo:  
just to be safe.

And I am sorry, that is my understanding,

Ms. Yukimura:

Okay, great.

Mr. Castillo:

Thank you.

Ms. Yukimura:

I just wanted to be clear about the question.

Mr. Chock:

Great.

Chair Furfaro: Excuse me. Al, make sure you follow-up and I do not know if those people realize that one of the arguments is this classification within a complex of condominium units that has Time Share units where on Maui, they have targeted them to the point that they are fourteen dollars and fifty cents (\$14.50), and that was the concern we heard from the various owners over here, that is one of the reasons they do not want to find themselves as a separate category because they feel then they are going to be targeted each time. Make sure that is part of their query, please.

Mr. Castillo:

Thank you.

Mr. Chock: Thank you. If there is no further questions, since we have the rules suspended, I want to ask if we have any public testimony because I do see some people. Mrs. Hookano here. Anyone else would like to come up? There was one (1) person registered to speak?

Mr. Sato:  
but I do not see him present.

We had one (1) registered speaker, Ian Miles,

Mr. Chock:

Okay. Anyone would like to testify on this?

There being no one present to testify on this matter, the meeting was called back to order, and proceeded as follow:

Mr. Chock:  
this time.

I would like to entertain some amendments at

Ms. Yukimura:

Chair.

Chair Furfaro: Yes? No, where you folks are at right now, I am not introducing my amendment at all. End of story. You want to keep moving this back. My amendments are prepared, but I do not want them to be distributed. It sounds like you folks are going to meet again in two (2) weeks.

Ms. Yukimura:

Chair, I...

Mr. Chock:

JoAnn.

Ms. Yukimura: I am concerned about the time table for the Real Property Tax, and in fact, if we are going to defer it, I do not mind deferring it one (1) week to a Special Council Meeting so that we can do all of our homework, but at least give some leeway to Real Property Tax. Chair, I am eager to see your amendment because I think if we can at least take care of the valuation part, that will



give some direction and some reassurance actually, to even both Finance and the public about that direction we are heading.

Mr. Chock: Would you like to respond, Chair?

Chair Furfaro: My amendments are very simple amendments.

Ms. Yukimura: That is...

Chair Furfaro: Very simple.

Ms. Yukimura: That is why I think...

Chair Furfaro: They were based on testimony that we got here.

Ms. Yukimura: Right.

Chair Furfaro: I have done my homework, and I am just saying it. We want no category for Time Share. Put them all in a category called Resort. Tax everybody at a uniformed rate so there is no issue with legal interpretations. Whatever increase we go up with, let us spread it out over two (2) years so that the associations can prepare those owners for half of the collection now and half later. So, if you have been listening to me, you have heard what is in the amendments. I have had the discussion with Finance on this, and that is where I am at. There is nothing complicated about my amendments.

Mr. Chock: Great. Councilmember Rapozo, and then Councilmember Bynum.

Mr. Rapozo: Thank you, Mr. Chair. Again, I apologize for not knowing what is in that amendment, and I do not know if anybody else seen it last meeting.

Chair Furfaro: I talked about it.

Mr. Rapozo: Oh, okay. I apologize I was not here last week. As I am hearing today, I am hearing that one (1) of the amendments is to remove the classification Time Share, and I guess I look or Staff, Peter or Al or someone, does that trigger a significant change in the Bill? I am not trying to be an obstructionist, but the Bill, if you look at the Findings and the Purpose, it is specifically to include Time Share as a new class, and we are changing that with an amendment. Does that in fact trigger another public hearing? I just want to make sure we do it right. I agree with Councilmember Hooser one hundred percent (100%). I feel rushed. I am not going to support it either way, but the point is, does it trigger a new public hearing because the purpose of the Bill has changed significantly, in my opinion? JoAnn, you can shake your head all you want. You keep doing that. It drives me nuts, but that is the law. That is not Mel's rule. That is the law and I would ask that somebody take a look at that.

Mr. Chock: Okay. Councilmember Bynum.

Mr. Bynum: I agree with the Chair that his Bill is pretty simple and straight forward. Fifty percent (50%) this year of the increase, fifty percent (50%) next year. I think moving this forward so I can anticipate that there are not a whole lot of word changes in terms of that Bill, but I need to see numbers. I need to see an analysis that says, because you told us if we just accept the Bill as written and then do not do the tax category, we know it is four million five hundred thousand dollars (\$4,500,000) of increased revenue. They are a couple of properties. So, I looked very seriously at how we can phase this in for a couple of properties that we know that is going to be difficult. I talked with those properties four (4) or five (5) years ago. They have known that this was coming. They could deal with that in their management going forward because this is no surprise. When I look at the differences for the individual Time Share owners even in those instances of a large increases, it is not that large a percentage of their overall cost, as has been said here over and over again. So, if some individual Time Share owner gets a sixty dollars (\$60) or seventy dollars (\$70) a week increase, which is the absolute upper end as I am hearing, I am okay with that. I am sorry to say. Now, will it impact foreclosures? It might, but those of us who know this business model, know that high foreclosure rate is part of the business model. It is an expectation because people change. People die, all kinds of things, and a lot of people walk away from Time Share commitments. That is just the reality, and it happens. Anyway, I would certainly entertain the proposal, but I want to know what the fiscal impact is. I think there is a stop loss for those people that are only going up  $x$  amount this year. It is like four dollars (\$4) or five dollar (\$5) per Time Share interval, why would we not take that revenue now? We waited four (4) or five (5) years to correct this problem. Thank you.

Mr. Chock: Councilmember Yukimura, did you want to follow-up on that?

Ms. Yukimura: I would really like the Chair to introduce his amendment so that we can have a full discussion on it, and actually see sit. If then a deferral is needed, the new can defer it. I am concerned about the time crunch, and I think it would be a more efficient way if we could discuss that amendment now, and then if we need time to make adjustments, do more research, or whatever it is, we will better know what to do in a deferral time interval. So, I would like to see that proposed.

Mr. Chock: Well, this motion will not pass as it is. The other opportunity is that we defer it or, and I cannot force anybody to put their amendments forward. Councilmember Kagawa.

Mr. Kagawa: Thank you. Since we seem like we are in discussion, my knowledge of Time Shares coming onto the Council is very limited. So, I had education from my coach Tommy Rita. He is a Time Share owner, and he said, "Are you a Time Share owner?" I said, "No." He said, "The Time Share owner is the poor man's condominium owner." So, the only way a normal person can say he owns a condominium is via Time Share. So he said is the bargain traveler that looks for Time Share. He said, "Be very careful." The Time Share owners are not all rich people. Some are, but not all of them are. A lot of them are the ones that go online and they get a good deal, and when they travel, it is for an extended period and they make their time worth it. So, if it is a bargain traveler that is taking advantage of the Time Share use on Kaua'i, it concerns me when we are saying each property, we may increase your taxes by one thousand dollars (\$1,000) or one thousand five hundred dollars (\$1,500), average. Does it still remain a bargain to the outsider who wants to come to Kaua'i? I think that is the fear of everyone. I think we have gotten, I think,

over one thousand (1,000) E-mails from the Time Share owners. They have done a good job. I think the Time Share people have told their Time Share owners, and they have sent us numerous E-mails. What strikes me is that a lot of times, the normal person, the lower income or the middle income person is the one that is going to take the time and make sure that this thirty-two dollars (\$32) impact on them is not going to happen. I think we owe this type of increase, knowing that the Time Share market is so important to our industry now, it employs a lot of solid employment for a lot of our local people, and I think it just owes us the extra time that we need to take to feel comfortable that we are not going to create more problems instead of just instead of just receiving that big increase of revenues that is going to come to the County, by really doing it the right way. Right now, they are not valued the proper way. The Florida way, I clearly understand is outdated. It needs to go back to *ad valorem*, but at what tax rate? I mean, like I just mentioned, the Time Share owners, they are not particularly the rich people. So, maybe at a lesser value than Hotel. I do not know what the big solution is. Maui has a totally different solution. They tax them way more than the Hotel. I appreciate the Chair doing an amendment. What he did was he listened to these Time Share owners that showed up, and feeling like this thing was going to happen no matter what because the Florida way does not work here or it is not fair, basically. I think they asked for something, the Chair responded, and I think I still cannot support it because I do not feel comfortable that it is really in the best interest of the whole economy of Kaua'i, not just our tax revenue. Thank you, Chair.

Mr. Chock: So, just so everyone knows where I am if it makes a difference, I am ready to vote on these amendments here. If it is necessary to defer for more information than to move forward, that is what I am willing to do. I am also willing to entertain a deferral from anyone at this moment. Thank you. Councilmember Yukimura.

Chair Furfaro: I was going to ask to speak.

Mr. Chock: Oh, okay. I am sorry.

Chair Furfaro: Again, I want to share something. I think the information that Mr. Kagawa got from Coach Rita is right on. It is right on, and the industry today, you could probably bring up Steve and ask him. People who buy inventory in Hawai'i, that is where the leverage is. That is where the value is. You can buy a unit at Ka 'Eo Kai Resort and you could then leverage that one (1) week that you bought. You can get three (3) weeks in Mexico for the value or you can get double the points in the Caribbean and so forth. The value on the building is what we are trying to decide, and hearing from those people that own great valued Time Share here on Kaua'i, they asked us two (2) things: do not put us in a separate category and please, allow us some system of retiring the payment not all at one (1) time. That is what the two (2) amendments are about, but the industry continues to get more complicated by more and more marketing tools that are introduced. Hawai'i interval ownership has great value, and in many places, if you trade your week in Hawai'i, you can get two (2) weeks in San Antonio, Texas because of the understated value. I know we are looking at it as a project increase of one thousand one hundred dollars (\$1,100), but we need to think in terms of the resale about the individual owner. His portion is twenty-three dollars (\$23). That is my point.

So, Peter, are my amendments available to be circulated? I would like to see if you can circulate them based on your comment just recently. Without visiting them anymore, please read and study them. So, I would like to get my two (2) introduced at

the same time. One is to put them in the Resort category, and then the next one, I would like to ask you to consider the two (2) year piece. So, let us get individual approvals for what I introduced.

Ms. Yukimura: Point of inquiry.

Mr. Chock: Yes, please.

Ms. Yukimura: So, they are two (2) separate amendments,  
Chair?

Chair Furfaro: That is what I just said.

Ms. Yukimura: So, rather than a motion to do in *ad seriatim*,  
if you just introduce them one at a time although we will see them.

Chair Furfaro: I never said seriatim. I said that they are two  
(2) different ones and we should vote on them one at a time if you would like a motion.  
Introduced as an amendment one at a time.

Ms. Yukimura: Yes. Do you want to make a motion on one of  
them?

Chair Furfaro: I would like to make a motion. The first one  
you have in your hand, Mr. Rapozo, is? I do not know what order they were passed  
out.

Ms. Yukimura: Maybe we should number them 1 and 2.

Mr. Rapozo: I would suggest the one (1) pager would be  
Number 1.

Mr. Chock: Can we call that one Number 1 and Number 2  
would be the phase in. So, we still need a motion here.

Mr. Kagawa moved to amend Bill No. 2548 as circulated, as shown in the  
Floor Amendment, which is attached hereto and incorporated herein as  
Attachment 1, seconded by Mr. Bynum.

Mr. Chock: Thank you. Discussion?

Chair Furfaro: Mr. Kagawa had discussion. Tim had  
discussion.

Mr. Kagawa: I am in full support. Thank you for the  
amendment, Mr. Chair.

Mr. Chock: Okay.

Mr. Bynum: I am in support.

Mr. Chock: Okay, thank you. Councilmember Hooser.

Mr. Hooser: I would think in order to make this amendment, the entire Section 1 needs to be rewritten.

Chair Furfaro: Okay, let us get the County Attorney up or one of our attorneys.

There being no objections, the rules were suspended.

Mr. Chock: County Attorney, can we have you up here again for this question to clarify? I am going to hand the floor over to Councilmember Hooser for this.

Mr. Hooser: Sure. Okay, the proposed amendment...oh, go ahead.

Mr. Castillo: I am sorry. County Attorney, Al Castillo.

Mr. Chock: Can you get him a copy?

Mr. Castillo: Yes.

Mr. Hooser: The proposed amendment deletes the addition of the new classification, but Section 1 talks...

Mr. Castillo: I am sorry. I have two (2) amendments in my hand.

Mr. Hooser: Yes. Okay, the first single paged amendment.

Mr. Castillo: Okay.

Mr. Hooser: On number 9, it deletes number 9. Are you with me?

Mr. Castillo: I see it.

Mr. Hooser: And Section 1 spends most of its language talking about how different Time Share is from Hotel and Resort, and therefore, it needs to be a separate Section. So, I am suggesting that Section 1 needs to be amended if you want to introduce and pass the amendment that we are talking about. I may be incorrect, but that is what it looks like to me.

Chair Furfaro: Can I add something to that?

Mr. Chock: Chair.

Chair Furfaro: I will ask Mr. Hooser for the floor.

Mr. Chock: Oh, okay sure.

Chair Furfaro: If you want to ask him if I can answer.

Mr. Chock: Please, is that okay?

Mr. Hooser: I am done.

Mr. Chock: Okay.

Chair Furfaro: So, Mr. Hooser's question, I think the reflection of how the Time Share ownership is different from Hotel and Resort not so much in the tax category because it is a resort operation, but more the narrative is referencing how it is owned by specific arrival dates, specific departures, limited housekeeping services, instead of room fees it is based on association dues that are collected for an allocation to the association. There could be a lot of variations in that. I think it was a good question from Mr. Hooser, but I also want to make sure you encompass that thinking when you say it is very different from somebody who comes to the front desk and checks in.

*(Mr. Kagawa was noted as not present.)*

Chair Furfaro: Even the insurance liability is different.

Mr. Chock: Thank you. Councilmember Hooser with a question.

Mr. Hooser: Yes. I mean, the first line of Section 1, Findings and purpose. The first purpose of this Bill is to include Time Share as an additional real property tax rate classification, which is not true.

Chair Furfaro: It is not a resort?

Mr. Hooser: No. It says, the purpose of this Bill is to include Time Share as an additional real property tax rate classification, and that is not what we are doing.

Mr. Castillo: I...

Mr. Hooser: And then there is other language in there also that does not fit. So, I am not saying it is good or bad. I am saying this Section needs to be changed in order to support the amendment otherwise there is a conflict.

Chair Furfaro: I would like to respond.

Mr. Rapozo: Housekeeping.

Mr. Castillo: Can I...

Chair Furfaro: I would like to respond to him first if I could.

Mr. Castillo: You are the Chair.

Chair Furfaro: I appreciate your comment. It is dealing with it as the ninth category. All I wanted to say is, in the category of resort today, any resort book you pick up, it is now including interval ownership and Time Share. So, I was referencing the fact that the term "resort" could also be a blanket, and it may not be more than just removing that Section. Thank you.

Mr. Chock: Mr. Castillo.

Mr. Castillo: Thank you. I think that Councilmember Hooser's question and comment is consistent with Councilmember Rapozo's comment about is this material change. So, as far as I am concerned, I would need to do the proper analysis and not do the legal arithmetic here right in front of everybody. So, give me that opportunity.

Mr. Chock: Councilmember Yukimura.

Ms. Yukimura: Yes. I think Councilmember Hooser has a really good point. I have asked for Peter Morimoto to prepare an amendment to the purpose that would leave only the purpose of...he took my paper. May I just look over here? That it would only leave the purpose of returning to the traditional method of valuation of the Time Share plans, which I think reflects the Chair's intent. I do not see any problem with a substantial amendment. The title is a general title of amending Chapter 5, Relating to Real Property Taxes. So, we should not have any problem with that. I do not have an objection for the County Attorney to look at this on site, so to speak, while we prepare the amendment, which we will then pass by the County Attorney.

Mr. Castillo: I thought I turned it on, BC, I am sorry. Often times when we do amendments on the fly, we find out months later...

Chair Furfaro: Amendment on the fly.

Mr. Castillo: Well, yes.

Chair Furfaro: Excuse me.

Mr. Castillo: Well, I am sorry.

Chair Furfaro: Excuse me.

Mr. Castillo: A lot of times when we do not give sufficient time to look at what is being amendment and proposed, we run into situations where we could have, should have, would have, given it more time. I would like to look this over, vet it with Peter Morimoto, and come back with an answer, if I can. So, that is all I am saying.

Mr. Chock: Okay.

Ms. Yukimura: Come back....

Chair Furfaro: Since it is my amendment...

Ms. Yukimura: Come back today, right? Yes. Thank you.  
That is fine.

Chair Furfaro: Since it is my amendment...

Mr. Chock: Hold on. One (1) more question.

Chair Furfaro: Since it is my amendment, I think you will all understand now when Mr. Rapozo raised the question on that definition, that is the reason I am looking at it and I am going, hey, I have had this with the attorneys for

almost three (3) days now. Three days (3), and Mr. Hooser and Mr. Rapozo raised a very good question. So, I am saying like, I do not want to introduce my amendment. I will hold it for now, and so forth. It is like you folks just squeezed a bad pimple. Now it is bleeding. It looks like I am unprepared and then to have you say to me it was rushed into it. The attorneys worked on it. Thank you.

Mr. Chock: Looks like we are coming right back full circle here. Councilmember Rapozo.

Mr. Rapozo: Thank you. I did, well, Mr. Morimoto did go take a look at it, and he does not believe it is a problem as far as the substantial change, but I think Mr. Hooser's, and sounds like Councilmember Yukimura is working on that. I think that is fair, but as far as the, and Mr. Chair, if it is okay with you, as far as the substantial change, I am satisfied with Mr. Morimoto's...

Chair Furfaro: And he is one of the attorneys I had to look at it. What I am asking for a courtesy, I am not going to introduce it. I am going to go back and check with these people, and they are satisfied, but the pimple was squeezed.

Mr. Chock: So, I understand it is being worked on now and that we can look at in a few minutes. Would it please the body to move to amendment #2 in the meantime?

Ms. Yukimura: Yes. Oh, wait now. So, we have a motion pending...

Mr. Chock: Hold on we have something from the Clerk here. So, we cannot move forward because we already have this amendment on the floor. So, options are here; we recess or we move to the next Bill.

Mr. Rapozo: I say we move to the next Bill.

Mr. Chock: Okay, I was going to suggest that we move to the next Bill for sake of time. So, if we could do that.

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Sato: We are on the bottom of page 5.

Bill No. 2549 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Residential Investor Tax Classification Proposal*)

Ms. Yukimura: Mr. Chair.

Mr. Rapozo moved to receive Bill No. 2549 for the record on second and final reading.

Ms. Yukimura: Mr. Chair, please.

Mr. Chock: Yes.



*(Council Chair Furfaro was noted as not present.)*

Ms. Yukimura: Before we move to receive, I actually have an amendment that, I think, will address some of the concerns. So, I would like to be able to move to approve, propose and amendment, and then if we cannot come to...we can defeat it and move to receive, but we will not be able to discuss it without a motion to approve. I think it will address the concerns.

Mr. Chock: Okay.

Ms. Yukimura: So, if it your...

Mr. Rapozo: I guess I have a process question.

Mr. Chock: Okay, you have a process question.

Ms. Yukimura: There is no second.

Mr. Chock: Because there was a motion that went up, there was not second, but go ahead.

Mr. Rapozo: So, then we just hang out until...

Ms. Yukimura moved to adopt Bill No. 2549 on second and final reading, and that it be transmitted to the Mayor for his approval,

Mr. Bynum: I am sorry. Is there a motion on the table already?

Ms. Yukimura: No.

Mr. Rapozo: I made a motion to receive.

Mr. Chock: To receive.

Mr. Bynum: And was there a second?

Ms. Yukimura: No.

Mr. Bynum seconded the motion to adopt Bill No. 2549 on second and final reading, and that it be transmitted to the Mayor for his approval.

Ms. Yukimura moved to amend Bill No. 2549 as circualted, as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 2.

Mr. Rapozo: Can I just realy breifly because...

Mr. Chock: Okay, we have a motion on the table. I just want to make that clear, and a process question.

Mr. Rapozo: I thought it was the policy of this Council that all of the amendments would be done in Committee, and last week, I understand you folks had some colorful discussion, and yes, I was absent. I am finding ourselves doing

all of the work in the Council. I am not sure why it was not done at the Committee. I am not sure if there as concerns. It was not deferred until next week's Committee Meeting, but it seems like this is a Committee Meeting all over again. I mean, that is the pleasure of the Council, but it is just back to back doing Committee work on the Council. So, just wanted to make that point.

Mr. Chock: No, I hear you. I thought we were through, and moved in a direction here as well.

Ms. Yukimura: Mr. Chair, I would like to try to answer that.

Mr. Chock: We have a motion on that, and if you would like to respond so that we can move forward, we do have to take a caption break. So, we are going to move on this.

Ms. Yukimura: I did not introduce this amendment because I did not have the information. I wanted to look at a higher level than one million dollars (\$1,000,000), but I wanted to know how many properties were in one million dollars (\$1,000,000), how much might be generated by it, and so I asked Steve at the meeting, not on the floor, and that information came to me later that day. One of the reasons we did not defer is because we are in a time crunch for these classifications, but there is absolutely no rule or even agreement that we will not have any amendments on the floor.

*(Mr. Kagawa was noted as present.)*

Ms. Yukimura: We have to have the freedom to make amendments, and if we could proceed with our regular procedure, we would take less time than in Committee.

Mr. Chock: Okay. Go ahead.

*(Council Chair Furfaro was noted as present.)*

Mr. Rapozo: I guess, and this goes back to Councilmember Hooser's comments on the last Bill, is because we are in a time crunch. Is that our fault that we are in a time crunch? Is it the people's fault that we are in a time crunch that we have to make these rash decisions because the Administration says we have to get it done? I do not think so. What is the nexus? One million dollars (\$1,000,000), two million dollars (\$2,000,000). What is the nexus to pick this number that qualifies the owner of that property to pay a higher tax? That is the question I have, Councilmember Yukimura. If you are going to make an amendment to increase the value, I want to see a legal nexus that ties in some kind of rationale that says, okay, just because you own a one million dollars (\$1,000,000) home, you should pay a higher tax or should it be two million dollars (\$2,000,000). I have family members that own properties that they are broke, absolutely broke, but the fact that they have inherited land that...they cannot afford more taxes. That is just my personal experiences. There are many people like that. So, just to tag a number, a million dollar home, does not make you a millionaire. The million dollar home for that matter, a one million five hundred thousand dollars (\$1,500,000) homes does not make you a millionaire. As they say, land rich, cash poor. So, I apologize for venting, but I am willing to see the amendment and let us let the chips fall where they fall.

Mr. Chock: Let us move forward. Councilmember Hooser.

Mr. Hooser: I was just going to say that I agree with Councilmember Yukimura fundamentally that amendments could be taken at any time even though the preference might be to do it at Committee. I believe if there is reason or needs for members to try to improve a measure, they should be allowed to put forth those amendments at any stage, quite frankly. By having said that, I was not in support of the Bill last time, and I will have a very difficult time supporting it this time, but I will be happy to listen to the amendment.

Mr. Chock: Sure.

Mr. Hooser: Thank you.

Mr. Chock: Councilmember Yukimura, if we could hear the members, and then I will return it to you. I know you have an amendment.

Ms. Yukimura: Of course, that is no problem.

Mr. Chock: Councilmember Kagawa.

Mr. Kagawa: We are in discussion, right? I just feel like Councilmembers Rapozo and Hooser, I think when I look at this Bill, I think, how can we not let what happened to Hanalei Beach area happen up at Kilauea? How can we stop that from happening? I do not see this Bill as helping in those situations. I see increasing taxes whether people are cash poor or cash rich as forcing people to turn their investment property into a TVR just to pay their taxes. I think in order to keep property in the hands of our families of generations, we need to look at keeping the taxes as manageable as possible for them, and that way, we can stop what happened to Hanalei Beach area. We can stop what is happening to Kekaha Beach area, and keep the land in the hands of our families that will grow up someday and will be looking for a house. So, for those reasons, I am hesitant to support this Bill. Thank you, Chair.

Mr. Chock: Good. We have jumped the gun a little bit here because I just want to make sure that we go through the process of asking if there is further questions of the Director of Finance because we moved straight into moving this forward with the amendment. So, I am inclined to ask again, if there is anything else that we need vet here with Steve, and if not, we will come back to this discussion.

Mr. Hooser: If I may, Chair.

Mr. Chock: Sure.

Mr. Hooser: I may be incorrect, but I believe an amendment was proposed, and seconded. No?

Ms. Yukimura: No, just a motion to approve.

Mr. Hooser: Okay.

Mr. Chock: So, if there is not questions, then I am going to ask for public testimony on this item as well so we can get that out of the way.

Ms. Yukimura:  
people can...

Why do we not get the amendment on so

Mr. Chock:

I am just asking for public testimony.

There being no objections, the rules were suspended to take public testimony.

There being no present to provide public testimony, the meeting was called back to order and proceeded as follows:

Mr. Chock:  
like to introduce it.

We will go to your amendment if you would

Ms. Yukimura:  
help me there to circulate it.

I think Peter has it. Aida, you will have to

Mr. Bynum seconded the motion to amend Bill No. 2549 as circulated (Attachment 2).

Ms. Yukimura: So, the proposal, and it will be passed out, would increase the proposed class to two million dollars (\$2,000,000) rather than one million dollars (\$1,000,000) because I did hear the testimony last Committee. One million dollars (\$1,000,000) would cover high-end rental properties for professional people and otherwise, and they would be affected by it. Two million dollars (\$2,000,000), and I have spoken to some people in the Real Estate business, is property at the level they are mainly outside investors. They probably kept empty. They may have the right to vacation rental because those tend to be in the Visitor Destination Areas (VDA). This money, which is high-end property, investment property, not owner occupied property would yield some money for our housing office or to replenish the reserve which is we are going to look at some proposals to lower the reserve so that we can give some relief to the Real Property Tax owners who are going to be before us tomorrow. That means we will go even further beyond what is proposed by the bond companies or our Housing Office is three (3) positions dollar funded about one million dollars (\$1,000,000) in deficit because we no longer have the post 'niki forty million dollars (\$40,000,000). How are they going to operate next year? To me, there is a very logical nexus that these high-end properties are causing problems for adorability in our lower-end properties, and to be able to tax them. That will be up to us during budget time, but it will give us another optional revenue that we need to look at because one, there is a nexus between affordable and these properties that are causing property values to go so high. They are speculative, I mean, real estate properties. They are investments properties, and it is okay, but they are not owner occupant properties. They could help us to offset some of our costs for affordable housing. I am looking at how we are going to fulfill our County's mission of providing affordable housing for our people, of providing affordable transportation for our people. It is not just about status quo. It is about growing the public transportation. It is about providing five thousand (5,000) units in the next ten (10) years of affordable housing. That is like...what is that? Two hundred (200) affordable houses per year over the next ten (10) years. How are we going to do that, especially with a housing staff that is so handicapped because we cannot even fill our positions?

*(Council Chair Furfaro was noted as not present.)*

Ms. Yukimura: This is about the main mission of the County and the revenues to do it, and it is about an option that we will have next year as we

are doing our budget. So, I am trying to look ahead. I am trying to balance and come up with a balanced budget for the purpose of fulfilling our mission as a County. We need this category, and I believe it can be done without affecting the people who live here whether it is the owners of the million dollar properties or the people they rent to. I heard what Tom Shigemoto was saying. So, that is why I am trying not to affect the high-end local renters, which tend to be the professional people, the doctors and others, who are renting the million dollar properties. I believe two million dollars (\$2,000,000) will get out of that category, and I am open to other information or thoughts about it, but we need to raise some revenues. I mean, we just said that around this table earlier. So, I would ask your consideration of this or propose some amendments thereto if you think we should be in another category.

Mr. Chock:

Councilmember Hooser.

Mr. Hooser: I really respect and admire Councilmember Yukimura's goal of trying to find more money for affordable housing and for public transportation, but I think that hope and that desire is, for the one of a better way, say a bit naïve in today's budget situation. The Mayor and the Administration have told us that they are nine million dollars (\$9,000,000) short for next year, and this is without hiring or paying for three (3) new bodies in Housing or any new bus routes or anything. Nothing. So, any money that comes will be used to fill that hole. In another environment, in another budget environment, I would look at this proposal much more openly. I agree with a bunch of what the Councilmember said, but I am not in the mood nor do I feel it is in the best interest of this community just to run around fining money to fill a hole. We need to get a plan from the Administration on how they are going to deal with this budget deficit, and it has to be more than just raising taxes. If we are going to entertain something like this in the future, let us dedicate it somehow in writing by Ordinance for affordable housing. I am certainly open to doing that, but I want to see a proposal from the Administration before I personally, am moving forward to support these tax increases. I think that is fair and reasonable. There is more than one (1) way to balance the budget and we have to look at that other consideration, in my opinion. Thank you.

Mr. Chock: Would anyone else like to speak on this item, and then I will return it to Councilmember Yukimura? Go ahead, Councilmember Bynum.

Mr. Bynum: I had the sense of coming into this meeting that this proposal was very unlikely to proceed. I know I was not supporting it in this form, although I do think it is important for us to keep revenue options alive whenever we can. Councilmember Yukimura changes the nature of this by increasing it to two million dollars (\$2,000,000). It impacts people differently. What I have to say though, is for me, that is still not quite enough. I had entertained an amendment. It is like, we have gone to taxation by use. So, some of these properties are in long-term rentals. They are valuable and they are above one million dollars (\$1,000,000), but people are renting them that go to work every day. When I initially saw this proposal I thought it was for second homes that remained vacant or vacation rentals valued above one million dollars (\$1,000,000). That, I would probably support. If the home is owned by someone and then he value has gone above one million dollars (\$1,000,000), but they are continuing to keep it in long-term rental, I want them to stay in the long-term rental class without penalty. So, it is probably too late to make those kinds of changes because then you...I am going to do the math. Always. I always want to know what these proposals cost. I think if we said only two million dollars (\$2,000,000), and if you are long-term rental you are not included, there would not be that many

properties and it would not be that significant. So, at this point for this year, I am ready to let this kind of just go away, although I really applaud Councilmember Yukimura's effort here because it does change the nature of it significantly. If we could combine that with if it is in long-term rental, you do not pay the penalty, I would probably support it, but given the time constraints, I do not know that we can do that. Thank you.

Mr. Chock: We have a caption break to take. So, if you can make it quick, and we can come back to this.

Ms. Yukimura: Yes. It is not just the Mayor who can propose a plan. We can propose a plan, and if you piece all of my pieces together, you will see it is a plan. Seven million dollars (\$7,000,000) from a half percent (0.05%) Excise Tax earmarked for public transportation which will release a lot of General Fund, and about eight hundred thousand dollars (\$800,000) from this two million dollars (\$2,000,000) category. That is already getting to nine million dollars (\$9,000,000), and we can do some more work. So, we are working on that, and the other thing about Tim is, during the break, I will look to make an amendment to exempt long-term rentals because I have been told there is not that many, but if there are, we can exempt them.

Mr. Chock: Thank you. Councilmember Rapozo.

Mr. Rapozo: I do not think Councilmember Hooser was talking about a plan for revenue generation. I think Councilmember Hooser was talking about a more balanced plan and not just raising taxes, but combined with some spending cuts. I can tell you what, if Councilmember Kagawa and myself during the budget had, I believe we proposed like fourteen (14) budget cuts and ten (10) of them got voted against. So, I have a plan as well. It is just on the other side of spectrum. I think Councilmember Hooser is on that same side. We want to cut spending in addition to looking at revenue enhancements, not just looking for nine million dollars (\$9,000,000) in taxes. So, anyway, I think we all have plans as well.

Mr. Chock: I am going to call this caption break at this time. Thank you.

There being no objections, the Council recessed at 3:41 p.m.

The meeting was called back to order at 3:54 p.m., and proceeded as follows:

*(Mr. Kagawa was noted as not present.)*

Mr. Chock: I would like to call this meeting back to order. We are on Bill No. 2549, and I am going to hand the floor over to Councilmember Yukimura for her amendment.

Ms. Yukimura: Oh, I do not have the second amendment. So, Darrellyne is working on it.

Mr. Chock: Okay.

Ms. Yukimura: And I do not know where my first amendment is. Mr. Morimoto was working on it. It just was brackets. So, I am sorry, but I am waiting for those amendments.

Mr. Rapozo: We got the first amendment. We have the first one.

Ms. Yukimura: But we are amending this paragraph and we will not vote for it unless there is more reservations. So, it could be an amendment to the amendment. That is the problem. We do not usually make amendments to amendments. So, can we just recess until we are ready to go?

Mr. Chock: Can we get a time on how long it is going to be before we get this amendment prepared? Can we go to Bill number. 3, Clerk?

Ms. Yukimura: Yes, we could do number 3.

Mr. Chock: I am hoping that we are going to move to number 3 here, pretty well. My goodness. Here we go.

Mr. Sato: Vice Chair, we are on the top of page 6.

Bill No. 2550 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAXES (*Vacant Land Re-Classification*): Mr. Bynum moved for adoption of Bill No. 2550 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Ms. Yukimura.

Mr. Chock: Great. We have a second on this approval. Do you have a question for...

Mr. Bynum: No.

Mr. Chock: I am going to take for questions now if that is possible...

Mr. Bynum: I have questions.

Mr. Chock: ...for our Director of Finance. Seeing no questions, any public testimony on this item? Yes. Sure. We are going to suspend the rules for Felicia. Please come up.

There being no objections, the rules were suspended to take public testimony.

FELICIA COWDEN: I am Felicia Cowden, and I will say it is not totally clear to me what this particular amendment is, but I am really glad to vacant land being put on there.

*(Mr. Kagawa was noted as present.)*

Ms. Cowden: I will just make a simple statement, that I think when vacant land is taxed at its highest and best use, that it often forces the use of the property into something that is unwanted by many in the community, and even often even by the landowner. So, I am hoping that it is something that is going to be lightening, that requirement on there so land does not become a hot potato. I understand there is an argument about land banking. I am sure there is a way to manage that. Thank you.

Mr. Chock: Thank you. If no questions, further testimony on this item?

There being no further testimony, the meeting was called back to order and proceeded as follows:

Mr. Chock: I will hand the floor over to Mr. Bynum. You had some discussion on this item?

Mr. Bynum: I am sorry. I got a little lost.

Mr. Chock: On Bill No. 2550, Vacant Land Re-Classification.

Mr. Bynum: Oh, I just wanted to say that we discussed this at length last week. If necessary, Steve could give a brief overview, but I am prepared to vote on this.

Mr. Chock: Anyone else, discussion? Councilmember Kagawa.

Mr. Kagawa: Thank you. I think last week we did have, I guess, some discussion from Steve. Basically, a lot of the vacant lands were being classified in the Hotel and Resort class. Obviously, I think for most of us, we like when land is vacant. It is not developing. I think we want to not penalize homeowners or landowners for leaving it vacant. I think slow growth, from Councilmember Yukimura, taking words out of her mouth, "keeping Kaua'i, Kaua'i." Slow growth, that is the way to go. We want to encourage landowners not to feel like they have to develop it in order to keep it. I appreciate the Administration introducing this. I brought one particular case up to the Director of Finance and the Planning Director, in both cases, they said basically that they are stuck, and now we have an option for him. So, I am very happy. I am pleased that my friend that brought that concern will no longer have to pay twenty thousand dollars (\$20,000) a year in taxes on that land. Thank you.

Mr. Chock: Anyone else would like to speak on this? Councilmember.

Ms. Yukimura: Yes. The amendment will bring us into alignment with our policy of taxing based on use. So, since it is vacant, there is not use at this point, and if they do build, then they will be taxed according to use. So, I think it is a much fairer way to go, and I agree with Councilmember Kagawa that to force people to build is not really a good policy. So, I think this is Bill is meritorious, and I will be voting for it.

Mr. Chock: Thank you. Anyone else would like to speak on this? Seeing none, we will go to a roll call for this item.

The motion for adoption of Bill No. 2550 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR ADOPTION: Bynum, Chock, Hooser, Kagawa,  
Rapozo, Yukimura, Furfaro

TOTAL – 7\*,



AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kauaʻi, Council Chair Furfaro is noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Mr. Sato: Seven (7) ayes.

Mr. Chock: Okay, at this time, I will call a recess because I know we are still working on these amendments. We will take a five (5) minute recess. Thank you.

There being no objections, the Council recessed at 4:00 p.m.

There being no objections, the meeting was called back to order at 4:07 p.m., and proceeded as follows:

*(Mr. Bynum and Mr. Kagawa were noted as not present.)*

Mr. Chock: We are back here from break.

Mr. Rapozo: Bill No. 2548.

*(Mr. Kagawa was noted as present.)*

Mr. Chock: We are on Bill No. 2548. Back to the first bill for second reading, and looking at Floor Amendment No. 1 as circulated.

Mr. Sato: Vice Chair, we would need Councilmember Kagawa and Councilmember Bynum to withdraw the original amendment.

Mr. Chock: Okay, we are going to need you folks to withdraw if...

Mr. Kagawa moved to withdraw the motion to amend Bill No. 2548 as circulated, as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 1.

Mr. Chock: Okay. Thank you. Where is Tim?

Mr. Rapozo: I think if you withdraw the motion, the second is automatically withdrawn. I do not think the second can hold up the motion.

Mr. Kagawa: I think mine was the second.

Ms. Yukimura: No, yours was the main motion.

Mr. Kagawa: I was the main motion?

Ms. Yukimura: I think so.

Mr. Kagawa: Okay.

Ms. Yukimura: I think. Was he not...

Mr. Chock: Can we verify this before we move forward?

Ms. Yukimura: Yes, Ross was the main motion.

Mr. Kagawa: It is correct.

Mr. Chock: Okay, good. Alright, then we have to resubmit this?

Ms. Yukimura: So, somebody else...

Chair Furfaro: Excuse me, from a parliamentary position, although Mr. Rapozo said what he said, can I get a confirmation from the Clerk's Office, to remove a second, that individual does not need to be present?

Mr. Sato: If we follow prior practice, we should probably wait for Councilmember Bynum.

Mr. Chock: Thank you.

Ms. Yukimura: So, recess?

Mr. Rapozo: No, let us have the discussion, Mr. Chair. We can still have a discussion. The motion is still on the floor.

Mr. Chock: We will wait.

Mr. Rapozo: We are probably recessed out already. I mean, let us move.

Mr. Chock: Yes, we have to come back to this to remove that motion, but we can continue with the discussion. So, please, I know that this was brought up by Councilmember Rapozo actually. So, I am going to hand it over to you to review.

Mr. Rapozo: Well, I brought up the question on the purpose, but Mr. Hooser brought up the language. I see that the amendment reflects the change so it removes the reference to the addition of the tax class. So, I am okay with that amendment. Did somebody find Mr. Bynum?

Mr. Chock: More discussion here from Chair Furfaro.

Chair Furfaro: Yes, I just want to know that although we are withdrawing that amendment, and in defense of the piece actually being reviewed, it was reviewed by three (3) attorneys. Three (3) attorneys reviewed it and said, "We could live with it." So, again, just reiterating when the query came up, that is why I said, "Well, I am not going to introduce it." It seemed like we need to go back and reconfirm it, and two (2) of those attorneys have not changed their position on it could have stood the first way it was aligned. Just point of information.

Mr. Chock: Thank you.

Ms. Yukimura: Yes, in point of procedure while we are waiting for Mr. Bynum, so once the motion is withdrawn, then somebody will move for this one that is being circulated?

Mr. Chock: Yes.

Ms. Yukimura: Okay.

Mr. Chock: I just wanted to check in also with Councilmember Hooser on the original request to look at this amendment here, and if you need clarification...

Mr. Hooser: Are you asking me?

Mr. Chock: Yes, I am asking if this sits well with you, if you are had a chance to verify this or need to with the County Attorney moving forward?

Mr. Hooser: No, I do not need to talk to the County Attorney about this. It looks fine. Thank you.

Mr. Chock: Okay. Where is Bynum? We can move on this as it is on the current amendment, and we can vote "no" if that pleases the body to move in that direction.

Mr. Kagawa: Yes.

Mr. Rapozo: Yes, let us do that. That is a good idea.

Mr. Chock: Okay.

Ms. Yukimura: Question. I mean...

Chair Furfaro: Just call for the votes.

Ms. Yukimura: ...call the question on the amendment.

Mr. Chock: Okay, good. Roll call or voice vote.

The motion to amend Bill No. 2548 as circulated, as shown in Attachment 1 was the put, and failed approval by a vote of 7:0 (*Mr. Bynum was not present*).

Mr. Chock: Thank you. So, motion does not pass, and we can introduce this new amendment.

Ms. Yukimura: Thank you. Chair, why do you not introduce it?

Chair Furfaro: Why do you not go ahead? It has my name on it, but go ahead, JoAnn.

Ms. Yukimura moved to amend Bill No. 2548 as circulated, as shown in the Floor Amendment 2, which is attached hereto and incorporated herein as Attachment 3, seconded by Mr. Kagawa.

Mr. Chock: Any discussion on this amendment?

The motion to amend Bill No. 2548 as circulated, as shown in Attachment 3 was then put, and unanimously carried (*Mr. Bynum was not present*).

Mr. Chock: First motion passes, number 1 passes. If we can look at #2, Amendment #2. I do not believe there is a motion yet.

(*Mr. Bynum was noted as present.*)

Ms. Yukimura: Chair, are you going to move to...

Council Chair Furfaro moved to amend Bill No. 2548 as circulated, as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 4, seconded by Ms. Yukimura.

Mr. Chock: Any discussion, Councilmembers, on this item? Councilmember Kagawa.

Mr. Kagawa: Thank you. I will be supporting this amendment. As Chair Furfaro said, he discussed it or we had people from the Time Share industry who asked that it be phased in. I had hoped for an extension or phasing in between four (4) to five (5) years; however, this one is only for two (2) years. It is better than the current Bill, and that is why I am supporting the amendment; however, I will be voting "no" on the main Bill. Thank you.

Mr. Chock: Thank you. Further discussion?  
Councilmember Bynum.

Mr. Bynum: I have a really difficult time voting for this amendment because we have not seen the financial analysis and I would like to be able to ask Steve Hunt a few questions before the vote if we it is not too late.

There being no objections, the rules were suspended.

Mr. Chock: Steve.

Mr. Bynum: I said earlier, I thought that this Bill was likely going...I am sorry. No, I do not want to get them confused. That the industry had already agreed to make the structural changes. The only phase in that I had contemplated was pretty limited to a few properties who were significantly impacted. What is the revenue cost of doing this fifty/fifty (50/50)?

Mr. Hunt: If we are looking at potentially four million five hundred thousand dollars (\$4,500,000) at fifty percent (50%) reduction, I would say it would be half of that. So, about two million seven hundred fifty dollars (\$2,750,000), two million dollars (\$2,000,000).

Mr. Bynum: If we had an amendment that said, "The first one hundred thousand dollars (\$100,000) of increased value," right, "you pay those

taxes, and there is a stop law." So, you pay fifty percent (50%) of what is above. What would that cost be?

Mr. Hunt: Well, if it is taxes, it is a whole different scenario because now we are providing a tax cap, not a value cap.

Mr. Bynum: No, I said, "The value..."

Mr. Hunt: The taxes you said.

Mr. Bynum: So, the issue as Council Chair Furfaro said, we have some at seventy-six thousand dollars (\$76,000) where the condominium next door is at two hundred seventy-six thousand dollars (\$276,000). So, the increased valuation is two hundred thousand dollars (\$200,000). What I am saying, what if we said, "The first one hundred thousand dollars (\$100,000) of increase valuation, if you have that gap, you pay that taxes, but then everything above the one hundred thousand dollars (\$100,000), you pay half, and then half the following year."

Mr. Hunt: I would not be able to even guestimate what that would be because we would have to have those values on an individual unit basis to see which ones tap out, if you will, at those caps.

Mr. Bynum: Well, we do not have that now?

Mr. Hunt: We have not valued them as condominiums. We have only valued them as Time Share units. So, we are working from data that is guestimates at this point.

Mr. Bynum: Bottom line is, if we pass the Bill in the form that the industry accepted here in voluminous testimony, if we pass this amendment, we are going to lose two million two hundred thousand dollars (\$2,200,000) roughly, in revenue next year.

Mr. Hunt: And that would be my estimate.

Mr. Bynum: Okay. So, the visitor industry took this huge hole out of our budget, we protected them by not making the tax increases as much as the Mayor proposed, right, and not we are going to take another huge hole out that has to be filled by somebody, correct?

Mr. Hunt: I mean, we have to balance the budget. It is again, as Councilmember Hooser also said, there is the cut element. Certainly, we have taken a big haircut from this industry over the last few years in terms of the revenues received because we have allowed it to fall to the values they are by the method that we were prescribed to value them.

Mr. Bynum: So, Steve, is it not correct that we allowed the values to fall without adjusting the rate, and it cost us tens of millions of dollars between 2008 and 2012, correct? During that same period, the percentage of taxes paid by local residents did not go down like it did everywhere, they went up, correct?

Mr. Hunt: I believe you have shown that several times.

Mr. Bynum: I have shown that many times, and now we are saying, "Oh, we were counting...I am telling you, I am counting on it." Four million five hundred thousand dollars (\$4,500,000) revenue from correcting this problem that we identified years ago, right, and the industry said, "Okay." I cannot support this amendment that takes away that kind of revenue when there are alternatives that we could have looked at. I walked into this meeting pretty self-assured that we would be passing this because the industry came here and said, "We accept this." So, just because it is easy to administer that particular type of cut, in this instance is not good enough for us to vote today for that kind of revenue loss. Anyway, thank you for answering questions.

Mr. Chock: Thank you. I do not know if it is necessary for us to go back to questions as we are in discussion at this moment...

Chair Furfaro: Point of order. You are not in discussion. You are in call of the vote, okay, and you suspended the rules as the privilege you have as Chair, so that Mr. Bynum could ask if you...

Mr. Chock: That is right.

Chair Furfaro: ...questions. That is the mode we are in, but we are in roll call vote mode.

Mr. Chock: So, after...

Mr. Bynum: You had a point of order, Chair? I mean, you just said, "Point of order."

Chair Furfaro: Yes.

Mr. Bynum: So, what was your point of order?

Chair Furfaro: That he should know he is in recess. He called a recess.

Mr. Chock: Okay.

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Chock: We are here on this amendment.

Chair Furfaro: It is your call.

Mr. Chock: We have more questions, Steve.

There being no objections, the rules were suspended.

Mr. Chock: Councilmember Yukimura.

Ms. Yukimura: I mean, I think Councilmember Bynum is raising a very good point. We wanted to have a phase in for those particular properties that might have difficulty with a sudden increase with fairly short notice, although I think Councilmember Bynum would disagree because the rest of the

industry is okay, I think. So, the question is whether there is another way to really give the relief that is needed for those few properties that have asked for a phase in, but not give it to the others so as to not cut in half the revenues that we could use, and Councilmember Hooser citing a nine million dollars (\$9,000,000) deficit. Two million dollars (\$2,000,000) could go toward that nine million dollars (\$9,000,000) deficit. So, is there a way to mitigate the impact of the phase in, is the question?

Mr. Hunt: Mitigate from what direction? I mean, we are talking about...

Ms. Yukimura: Mitigate for just those few properties that feel it would be very difficult to handle in one (1) year.

Mr. Hunt: My concern is that the more complex the potential phase in becomes, the more challenging we may be in terms of being able to implement something.

Ms. Yukimura: I understand.

Mr. Hunt: If we have to send this, and I will give you just sort of the information that I am aware of. We have an onsite programmer that comes about every three (3) weeks. He services the other Counties as well every three (3) to four (4) weeks. His name is Ed Casebeer. Ed can do many things on his own. When we deal with multi-year and more difficult things, normally, that has to be bid out in time and cost from Dayton, Ohio and they service hundreds if not thousands of municipalities. They take it on a first in and priority basis. So, my concern is given that we have to have these assessments done in a relatively short period of time, and if we are talking about evaluation cap that is going to be through various levels of filters whether it be a percent or a hard dollar or a combination, I am just concerned that we may miss the entire potential of raising revenue by not being able to meet an implementation date, which is really the third week of November, we have to be sending our information to the printer to print our assessment notices.

Ms. Yukimura: Right.

Mr. Hunt: So, that is my concern.

Ms. Yukimura: So, I hear your concern. It is a very valid concern. I am still looking for, because if we can find the right formula, and I mean, I guess because we discussed this, I was counting on Councilmember Bynum because he has already dealt with this. He had some solutions, but they need to be put in the form of an amendment wording. I do not know. I am willing to work on it if we can get a few minutes to see if we can word it so that we can address your need and still get more than the half of the amount we were looking at.

Mr. Chock: Okay. So, can I interrupt here just for second? There have been many questions that, I think, have been asked and the request for a deferral was part of that process. That is where we started. We tried not to go there because of the timing. So, I wanted to hear from you again, if there is not enough time for us to consider this. I want to take care of the amendment that is currently on the floor, and vote that through. If it does not pass, then it does not pass. Then, there are some other suggestions here, but they are not ready. Instead of recessing this meeting to death, I would prefer that we defer this until we

get this work done properly. So, with that being said, help me out here people and get us in this direction. I want to go to Councilmember Rapozo, and then back this way if possible. Thank you.

Mr. Rapozo: I would suggest, Mr. Chair, that we refer this to the Committee next week, and have the discussion in Committee. I mean, we are going back. Before we even called Steve up, we were looking at another amendment. The other thing that is concerning is that I am hearing the driver of this Bill is revenue when it should be fairness and equity. I think that is how this all started. We wanted to bring equity between condominiums and resorts and Time Share, but what I am hearing now is we are actually looking at how much do we want to generate and what do we have to do to get there. I think that is the wrong approach. So, my suggestion, Mr. Chair, is send this back to the Committee next week and we can have the final vote in two (2) weeks, which I believe is still within the time frame required by the Finance Department.

Mr. Chock: Okay. Further discussion on the direction we are trying to get to? Councilmember Bynum.

Mr. Bynum: I want to honor what you are saying. I wanted to follow-up with Steve and say, this is what a proposal would be, and could he deal with it. So, do you want me to address that or...I think if we defer, that is in two (2) weeks. If we send it to Committee, it is in two (2) weeks.

Ms. Yukimura: No, it is one (1) week.

Mr. Bynum: No, I mean, it comes back to Council in two (2) weeks.

Ms. Yukimura: That is right.

Chair Furfaro: It goes to Committee first, and then...

Mr. Bynum: So, there is no time difference between a deferral here and then entertaining amendments next time or as Councilmember Rapozo suggested, sending it to Committee. So, I would concur with that. If we need more time, that is the best way to go.

Mr. Chock: Okay. Councilmember Yukimura.

Ms. Yukimura: Well, as long as Steve finds that workable, I am okay with it too.

Mr. Bynum: If I could ask one (1) follow-up question about...

Mr. Chock: This process?

Mr. Bynum: Yes, well, no. It would be about follow-up. What could we do...just one (1) question will help me determine where to go.

Mr. Chock: Let us continue.



Mr. Bynum: Okay. Thank you. We discussed this last time. The reason I did not prepare it was because it seemed that the dye was cast when I heard the testimony from the industry, but to me, it would be based on fifty-one (51), and this is what we brainstormed, based on fifty-one (51) week intervals any interval cost that went up over a dollar amount, say thirty-five dollars (\$35) or eight dollars (\$8) even, then we could do the math to find out where that is right, and I can talk to these properties. Those properties that meet that criteria could pay half this year and half next year of the increase.

Mr. Hunt: So, now that is a tax cap.

Mr. Bynum: That is a tax credit.

Mr. Hunt: Yes. So, in that case, this would pass without amendment, as is, the valuation would be one hundred percent (100%) market value, there would be no Time Share class, they would be valued at condominiums, and you would have some sort of a package which would include a Money Bill then to amendment the taxes as a credit.

Mr. Bynum: Exactly.

Mr. Hunt: And that would be done late in the year...

Mr. Bynum: But I do not know that we would need a Money Bill because there would be some revenue and this would reduce the revenue, right?

Mr. Hunt: Well, I guess if it were done and we knew what that was prior to certification of when we send the tax roll and estimate what the revenues for budget would be. We would have to know what those credits would be.

Mr. Bynum: Right, and my analysis is the cost of that would be much less than two million five hundred thousand dollars (\$2,500,000). I do not know exactly, but we could calculate it. My guestimate would be five hundred thousand dollars (\$500,000).

Mr. Hunt: And there is such a range. I mean, we are talking values, I think, to the bottom is fifty-one thousand dollars (\$51,000) for an assessment for a time share, up to over one million dollars (\$1,000,000).

Mr. Bynum: Right.

Mr. Hunt: So, there is a big range, even within the time share.

Mr. Bynum: And that is my concern, that the range of increase, right?

Mr. Hunt: Yes.

Mr. Bynum: The example we used...

Mr. Chock: Continue, but can we move in the direction of where we want to go? My understanding is we are not...

Mr. Bynum: Well, you know...

Mr. Chock: ...going to complete this.

Ms. Yukimura: Can...

Mr. Bynum: I will cut it off right now because he is giving me the answer. Yes, this is doable, it is an amendment that could be done, and it will change the cost impact. With that said, I like the idea of going to Committee so we can do the work there and not overload the next Council Meeting, and be consistent with it.

Mr. Chock: Thank you.

Ms. Yukimura: I just offer to work with Tim and Steve on this amendment between now and Committee Meeting next week.

Mr. Chock: Okay. So, what do I need to do get us there?

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Rapozo moved to refer Bill No. 2548 to the September 3, 2014 Finance & Economic Development (Tourism / Visitor Industry / Small Business Development / Sports & Recreation Development / Other Economic Development Areas) Committee Meeting, seconded by Mr. Hooser, and unanimously carried.

Mr. Chock: Is that other amendment ready?

Ms. Yukimura: Yes it is.

Mr. Chock: Okay, so we are back to...

Chair Furfaro: You are doing fine, Mr. Chock.

Mr. Chock: Thank you. Bill No. 2549.

Ms. Yukimura: And I believe there was a main motion to approve, and I think I moved to amend.

Ms. Yukimura withdrew the motion amend Bill No. 2549 as circulated, as shown in Attachment 2. Mr. Bynum withdrew his second.

Ms. Yukimura moved to amend Bill No. 2549 as circulated, as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 5.

Mr. Chock: We have a motion and a second.

Ms. Yukimura: And I will explain.

Mr. Chock: Can you explain this to us?

Ms. Yukimura: Yes. So, The Bill proposes creating a Residential Investor class for properties that are one million dollars (\$1,000,000) or more. I am proposing an amendment to raise that assessed value to two million dollars (\$2,000,000) or more, and also to restrict it to properties that are not being rented on a long-term basis. So, these, as I understand it, would be mainly investment properties of high value where people come, it is empty, or they...vacation rental would put it in another category. Vacation rental, it is empty and they just come and stay in sometimes. So, these are off-island residents, basically, and this property is investment property. Having this class would enable us to get not a whole lot more revenue, but enough to make a dent, possibly is replenishing our reserve or in helping to fund the operations of housing, just to mention a couple of really key needs that we have just to show the importance of this potential revenue. We will not know how much it generates until we set a rate, and that happens at budget time. We could choose to not have a different rate than the general Residential class, which would mean that there would be no increase in revenue, but if we felt that there was a need and it was appropriate, we could also generate a variation of revenue based on the rates that we would want to set, and subject to public hearings that we would have to have.

Mr. Chock: Councilmember Kagawa.

Mr. Kagawa: Question for Councilmember Yukimura.

Ms. Yukimura: Yes.

Mr. Kagawa: Do you have any idea how much property owners...

Ms. Yukimura: Are affected?

Mr. Kagawa: Are affected with this amendment, and approximately how much money is going to be generated?

Ms. Yukimura: Yes. If I can call Steve up.

Mr. Kagawa: Ballpark. If we do not have ballpark, we can get it by...

Ms. Yukimura: No, we have the ballpark, I believe.

There being no objections, the rules were suspended.

Mr. Hunt: There are approximately one hundred ninety-nine (199) properties that would be over two million dollars (\$2,000,000) that are improved residences that do not have exemptions and are not in Vacation Rental or other categories. The increase, depending on the rate, we have not set any rates, but if were to increase it say one dollar (\$1) from six dollars and five cents (\$6.05) Residential to seven dollars and five cents (\$7.05), it would raise approximately eight hundred thirty-seven thousand dollars (\$837,000).

Mr. Kagawa: Thank you.

Mr. Chock: Any further question?

Mr. Kagawa: He answered my question.

Mr. Bynum: No, no question.

Mr. Rapozo: I have a question.

Mr. Chock: Yes. Councilmember Rapozo.

Mr. Rapozo: Steve, do we know how many of those one hundred ninety-nine (199) properties are left vacant? Do we know how many of those properties are off-island owners? Ms. Yukimura made a lot of assumptions, a lot, and "probably" was her term, but do we know?

Mr. Hunt: No.

Mr. Chock: I will go to...

Mr. Bynum: I do not have questions. I will just wait for discussion.

Mr. Chock: We have more questions.

Ms. Yukimura: Just to answer Councilmember Rapozo, I have not gone over each one, but I have spoken to people in the real estate business of properties in this category, and they have told me that the likelihood is great, that these properties are second homes and do not have long-term rentals, but we are making sure they do not have long-term rentals so that we do not affect that. So, I feel that it is pretty reliable information.

Mr. Rapozo: How many?

Ms. Yukimura: One hundred ninety-nine (199).

Mr. Rapozo: No, one hundred ninety-nine (199) are in that bracket, but how many of them, based in you talking with the real estate people, are vacant or out of State or off-island?

Ms. Yukimura: Well, just from that fact that they do not have any other exemptions tells us that they are likely to be in that class.

Mr. Chock: Any other questions before I call this meeting back to order?

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Chock: More discussion? Councilmember Bynum.

Mr. Bynum: I know of *kama'āina* properties that are valued more than one million dollars (\$1,000,000) that people inherited that they do not live in as their primary residence because they inherited it, but are in long-term rental. I do not think there are many in between one million dollars (\$1,000,000)

and two million dollars (\$2,000,000), and there probably may not be any above two million dollars (\$2,000,000), very unlikely to have a property valued at two million dollars (\$2,000,000) that is not already a vacation rental or somebody's primary residence being rented long-term, but I thought one million dollars (\$1,000,000) was way too low because of the reality of these kinds of circumstances. Then if you had a long-term rental, I just cannot see. We have gone to taxation by use, long-term rental the six dollars and five cents (\$6.05) rate, even if it is worth one million two hundred thousand dollars (\$1,200,000). If a local family is in it and that is where they go home every night, maybe they are professionals. Maybe they are people that moved here and have really good jobs, but they are residents. So, I do not want to hit those people. With this amendment, limiting this to one hundred ninety-nine (199) properties that are most likely sitting vacant. These are the super wealthy people. These are the stars that own homes here that they do not the vacation rental. They do not want other people in it. A lot of them have house-sitters. People that sit in there and keep their property going. So, maybe that is a good thing, but they kick those people out when they are in the place. With these amendments, I could support this Bill, and I intend to support this amendment. If the amendment passes, I will support the Bill. If the amendment does not pass, I will not support the Bill.

Mr. Chock: Any more discussion, Councilmembers, on this item? If not, I will call for the question.

Mr. Bynum: Can I say one (1) more thing?

Mr. Chock: One (1) more thing.

Mr. Bynum: Given these parameters, I would encourage members to vote for this amendment. These parameters were really talking about very wealthy people that choose to have their homes sit vacant.

Ms. Yukimura: One (1) more comment also. These are also the properties that cause the value of properties to be so high on our island, that cause the affordable housing problem. So, that is why it would make sense that we could use some of the revenues to support our Housing Agency's valuable work.

Mr. Chock: Anyone else?

Mr. Rapozo: I will just make a real quick comment that I am going to support the amendment because it makes the Bill a better Bill, but I will not be supporting the main motion. Again, we rely so much on assumptions and I get nervous. We did that with the Real Property Tax fiasco and we ended up with the Hariguchis and just because we did not think it was going to impact people the way it did. I am worried about this because I just do not know the impact. I do not know enough of the impact on who will be impacted and I am very concerned about, like I said, the inherited property that may be vacant, but does not mean that the owners are...and again, unless we had an analysis of what is out there, it is very difficult because again, these are the kinds of Bills that create unintended consequences. Again, this amendment makes it a better...at least a safer Bill. Thank you.

Mr. Chock: Thank you.

Ms. Yukimura: So, I share the concerns of Councilmember Rapozo, and I make a commitment to monitor this if it passes because two million dollars (\$2,000,000) could ultimately become what one million dollars (\$1,000,000) is now too. So, I am going to look at another...somebody was suggesting two hundred percent (200%) of median or whatever. I think we might be able to find a mechanism of a threshold that moves with that market. I will look into that, but for this year for now, I think with this amendment we are pretty safe. Actually, before we set rates, I can probably do the research before budget time.

Mr. Chock: Alright, if no more discussion, we will call for the question on this amendment. It is a voice vote.

The motion to amend Bill No. 2549 as circulated, as shown in Attachment 5 was then put, and unanimously carried.

Mr. Chock: Motion passes. Do we need a motion as amended?

Ms. Yukimura: There is a Bill as amended now, the main motion as amended.

Mr. Chock: The main motion has already been made. Is that right? So, we will go to do a roll call on that item.

Mr. Hooser: Further discussion on that.

Mr. Chock: Oh, yes, absolutely. Councilmember Hooser.

Mr. Hooser: Yes. I did not offer my discussion on the amendment. As I said earlier, in other circumstances just like on the Time Share, I would be more open to these kinds of measures, but the reality of it is, if this would pass and additional funds were raised, they will not go toward housing or any new services whatsoever. These go to pay existing commitments that County has already made. The County is, as we have been told, nine million dollars (\$9,000,000) in the hole. I do not believe we could just spend all of our energy looking for ways again, to fill that hole, just to raise taxes. I want to see from the Administration, and I am going to put this in writing, their proposal to reduce expenditures before I am able to move forward on these issues. That is when we should need to have the discussion. I am also troubled by this we have to do it now, we have to do it now. Now we have two (2) more weeks, but why did we not discuss this a month....this is a rhetorical question not to the Council. It is more the Administration. Why were we not able to have these discussion months ago? Any projecting out of the County's incoming expenses would have identified already we are going to need more revenue, we are going to need to cut expenses. These are discussions that could have been had a long time ago. I am not comfortable moving forward in this piecemeal fashion. Thank you.

Ms. Yukimura: So, it may be that these extra moneys, if we get any extra moneys, might be used to address the nine million dollars (\$9,000,000) that we already are starting next year's budget with, but it may also be that it could be used to avoid further cuts to housing and transportation. To me, that is worth a lot too because we have valiant people working to provide services. Then as to a plan from the Administration. This will give the Administration tools to provide a plan of a balanced budget, and lastly, the Administration did show us that they cut

six hundred eighty thousand dollars (\$680,000) in overtime costs in the Solid Waste Division over the last four (4) years. So, we are seeing some major cost reductions that we need to acknowledge, but we are still having a problem with our budget. We are going to need these extra moneys.

Mr. Chock:

Councilmember Bynum.

Mr. Bynum: Some of the things I have heard today, one is the Administration asked, "Are you going to raise taxes on this category next year," and Steve said, "I cannot answer that," because the Administration does not raise taxes. They do not ever raise taxes. They make proposals to us and we raise or lower taxes. So, that is one point I wanted to make. The other one is this idea that the Administration should give us cost cutting proposals. I have been in this government for a long time on both sides. We all know that we have dwindled down during this economic crisis. We have pared. We have done that, and that this point, and we know from the experience of the last budget. If we are going to have cuts, it is going to mean some service that we are providing that we will no longer provide. No Councilmember here made proposals to cut any money that would have resulted in a reduction of services. So, I do not see that there is any more room in this. That is my opinion. So, I wanted to say that.

In terms of the Administration, why did these not come here sooner? Well, they had their proposal. Their proposal was well thought out and laid out, and we accepted it, or big portions of it, at least the Homestead tax rate the removal of the cap, and the increases that we were fully informed of, right? Those are all just facts of the record. This is for next year. This is the Administration saying, "Hey, we are going to have a really...look at what we went through this year, and we are going to do it again next year. So, let us put all of these proposals," because in the long run, they will not decide. They will give us proposals, but this body will decide what mixture of revenue spending, and it has always been the Council's responsibility. So, we can hold the Administration responsible for the proposals they give us, and for the outcomes of those proposals, but the way our government is structured is these are decisions that are made here. With these amendments, this Bill is something we should keep on the table as an option, in my opinion, very strongly, now with these amendments because I think willfully. We are talking about one hundred ninety-nine (199) properties that could generate eight hundred thousand dollars (\$800,000), and you know what? Most of those people will not even know that their taxes went up because they are in that realm. Anyway, thank you.

Mr. Chock:  
have more? Okay, go.

Further discussion on the main motion? You

Mr. Hooser: Just a little follow-up, Thank you. I appreciate what Councilmember Bynum is saying and Councilmember Yukimura also about the need to provide these services. I think it would be helpful and healthy for a community discussion. Have the Administration come and be frank with the public and frank with us, that what does it take to cut four million dollars (\$4,000,000) out of the budget? There is no question that a lot of the discussion in the community, anyway, is that needs to be done. If the Administration comes here and says, "Well, if you want that done, we are going to have to cut bus service or we are going to have to cut parks or whatever they are going to have to do." I think that would be a useful and healthy discussion to have at this point. Right now, the only discussion we are having is about raising taxes. That is the only discussion.

Chair Furfaro: That is the only item that is on the agenda,  
Mr. Hooser.

Mr. Hooser: No, I am talking about a public discussion.

Chair Furfaro: I am sorry. Point of order.

Mr. Hooser: I have the floor, Chair.

Chair Furfaro: I can make a point of order.

Mr. Hooser: And Councilmember Chock is running is the  
meeting right now.

Chair Furfaro: And I can call for a point of order.

Mr. Chock: He can...

Chair Furfaro: I can call for a point of order.

Mr. Hooser: Call.

Chair Furfaro: The question about operating the expenses is  
not the item on the agenda. What is on the agenda is the revenue cycle.

Mr. Hooser: And may I continue?

Mr. Chock: Continue, please, and move in the direction  
of the agenda.

Mr. Hooser: I am giving my rationale for not supporting  
the revenue generation. If I can restate, I lost my train of thought to the  
interruption.

Ms. Yukimura: The Administration come before us.

Chair Furfaro: I can accept your explanation that you are  
justifying your vote for today, but you made it an invitation to the public as a  
workshop on cost, and that is not on the agenda. I can accept what you are saying.  
Thank you.

Mr. Hooser: Thank you, Chair. I can accept your  
interrupting and clarifying your position on this too. I am not asking for a  
workshop. I am asking for a public discussion.

Chair Furfaro: Same thing.

Mr. Hooser: And I think that would be a helpful item to  
have to balance the discussion we are having about taxes. I think that is a relevant  
item of discussion on the table today, and I thank you for the opportunity, Vice  
Chair Chock.

Mr. Chock: Okay. Thank you. Anyone else who has not  
had a chance to speak at this time? If not, we will do a roll call on this item.



The motion to adopt Bill No. 2549 as amended to Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval, was then put, and carried by the following vote:

FOR ADOPTION:	Bynum, Chock, Yukimura, Furfaro	TOTAL – 4*,
AGAINST ADOPTION:	Hooser, Kagawa, Rapozo	TOTAL – 3,
EXCUSED & NOT VOTING:	None	TOTAL – 0,
RECUSED & NOT VOTING:	None	TOTAL – 0.

*(\*Pursuant to Rule No. 5(b) of the Rules of the Council of the County of Kauaʻi, Council Chair Furfaro is noted as voting silent, but shall be recorded as an affirmative for the motion.)*

Mr. Kagawa: Passes.

Mr. Chock: 4:3.

Mr. Sato: 4:3.

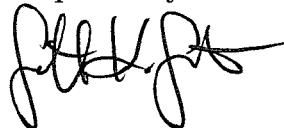
Mr. Chock: Motion passes. At this time, I think according to last week's notes, we need a motion to adjourn.

#### ADJOURNMENT.

Mr. Rapozo moved to adjourn the Council Meeting, seconded by Mr. Kagawa, and unanimously carried.

There being no further business, the Council Meeting adjourned at 4:47 p.m.

Respectfully submitted,



SCOTT K. SATO  
Council Services Review Officer

(August 27, 2014)

FLOOR AMENDMENT

Bill No. 2548, A Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Relating to Real Property Taxes (*Time Share Classification Proposal*)

Introduced by: JAY FURFARO

1. Delete Section 2 in its entirety, and renumber all remaining Sections appropriately.
2. Amend Chapter 5A, Section 5A-6.4 of Bill No. 2548 by deleting the proposed classification for "Time Share" to read as follows:

"[SECTION 2. Chapter 5A, Section 5A-1.1, of the Kaua'i County Code 1987, as amended, is hereby amended by adding a definition of "Time Share" to read as follows:

"Time Share" shall mean a tax rate classification applied to time share plans pursuant to Section 514E-1, Haw. Rev. Stat., as amended.]"

SECTION [3.] 2. Chapter 5A, Section 5A-6.4, of the Kaua'i County Code 1987, as amended, is hereby amending subsection (a) to read as follows:

"(a) For purposes of tax rates, real property shall be classified into one (1) of the following general classes according to the property's actual use unless otherwise provided in this Chapter:

- (1) Residential.
- (2) Vacation rental.
- (3) Commercial.
- (4) Industrial.
- (5) Agricultural.
- (6) Conservation.
- (7) Hotel and resort.
- (8) Homestead.
- [(9) Time Share.]

Vacant property shall be classified as zoned until actual use is established, except for vacant property previously classified as apartment shall be classified as hotel and resort until actual use is established. If a property has multiple actual uses, it shall be classified as the use with the highest tax rate."

(Material to be deleted is bracketed. New material is underscored.)

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(August 27, 2014)

FLOOR AMENDMENT

Bill No. 2549, A Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Relating To The Real Property Taxes (*Residential Investor Tax Classification Proposal*)

Introduced by: JOANN A. YUKIMURA

Amend Section 2 of Bill No. 2549, by amending the definition of "Residential Investor" to read as follows:

SECTION 2. Chapter 5A, Section 5A-1.1, of the Kaua'i County Code 1987, as amended, is hereby amended by adding an additional definition to read as follows:

““Residential Investor” shall mean a tax rate classification applied to properties that do not qualify for the home exemption, are improved with a dwelling unit(s), not vacant land, are not being rented on a long-term basis, and have an assessed value of two million dollars (\$2,000,000) or more.”

(Material to be deleted is bracketed. New material is underscored.)

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(August 27, 2014)  
FLOOR AMENDMENT No. 1  
Bill No. 2548, Relating to Real Property Taxes

INTRODUCED BY: Jay Furfaro

1. Amend Section 1 of Bill No. 2548, to read as follows:

SECTION 1. Findings and purpose. The purpose of this bill is to [include “Time Share” as an additional real property tax rate classification and to] return the traditional methods of valuation to the time share plans. [This new tax rate classification shall include properties that are fractionally-owned under a time share plan pursuant to Hawai‘i Revised Statutes Chapter 514E.]

[The Council finds that time share units are often distinct from hotels and resorts given the units consist of apartments or condos versus hotel rooms. Furthermore, time share plans are specifically recognized by Hawai‘i Revised Statutes Chapter 514E. Some hotels and resorts do not operate under time share plans and therefore the distinction should be recognized for the purposes of taxation.]

2. Delete Section 2 of Bill No. 2548 to read as follows:

[SECTION 2. Chapter 5A, Section 5A-1.1, of the Kaua‘i County Code 1987, as amended, is hereby amended by adding a definition of “Time Share” to read as follows:

““Time Share” shall mean a tax rate classification applied to time share plans pursuant to Section 514E-1, Haw. Rev. Stat., as amended.”]

3. Amend Section of Bill No. 2548 to read as follows:

SECTION [3.] 2. Chapter 5A, Section 5A-6.4, of the Kaua‘i County Code 1987, as amended, is hereby amending subsection (a) to read as follows:

“(a) For purposes of tax rates, real property shall be classified into one (1) of the following general classes according to the property’s actual use unless otherwise provided in this Chapter:

- (1) Residential.
- (2) Vacation rental.
- (3) Commercial.
- (4) Industrial.
- (5) Agricultural.
- (6) Conservation.
- (7) Hotel and resort.

(August 27, 2014)

FLOOR AMENDMENT NO. 2

Bill No. 2548, A Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Relating to Real Property Taxes (*Time Share Classification Proposal*)

Introduced by: JAY FURFARO

Amend Section 3 of Bill No. 2548, by amending subsection (f) Chapter 5A, Section 5A-8.1 as follows:

SECTION 3. Chapter 5A, Section 5A-8.1, of the Kaua'i County Code 1987, as amended, is hereby amending subsection (f) to read as follows:

“(f) [Assessment of] Real Property Subject to a Time Share Plan.

[ (1) Subject to Paragraph (6) of this Subsection, the assessed value of each time share unit operating under a time share plan shall be the combined value of the individual time share interests contained in the time share plan. Assessments under this Section shall be issued to the time share plan manager.]

(1) The assessed value of time share units shall be pursuant to Section 5A-8.1, provided that for the 2015 tax year the assessed value of a time share unit shall be capped at fifty percent (50%) of the difference between the assessed value of the time share unit for the 2014 tax year and the fair market value of the time share unit for the 2015 tax year. Commencing with the assessments for the 2016 tax year, time share units shall be assessed at 100% of their fair market value. Assessments under this Section shall be issued to the time share plan manager.

[ (2) In assessing real property subject to a time share plan, the Director shall look first to the resale market for time share interests. If by October 1st of each year the Director is unable to determine the assessed value of real property subject to a time share plan by looking to the resale market for time share interests, an average price for the time share interests which have been conveyed shall be calculated in accordance with Paragraph (3) of this Subsection, and the average price shall be multiplied by the total number of time share interests in the time share unit to determine the assessed value of the unit.

(3) If there is an adequate number of typical resales of time share interests at fair market value to provide a basis for arriving at value conclusions, the provisions of Paragraph (4) of this Subsection shall apply. If there is an inadequate number of typical resales of time share interests at fair market value to provide a basis for arriving at value conclusions, then the Director shall deduct from the purchase price received by the

(6) No time share unit that is registered under a time share plan prior to January 1, 1997 shall be subject to the provisions of this Subsection until the first time share interest in such a time share unit is conveyed by the registered developer and recorded in Land Court or the Bureau of Conveyances, as the case may be. Such time share units shall continue to be assessed in the same manner as they were being assessed prior to the effective date of the ordinance codified in this Section. Real property that is registered under a time share plan on or after January 1, 1997 shall be subject to the provisions of this Subsection without regard to when the first time share interest is conveyed and recorded by the registered developer.

(7)](2) Where appropriate and as required by the context in which they appear, words and phrases used in this Subsection including, but not limited to, “developer,” “plan manager,” “time share interest,” “time share plan,” and “time share unit” shall have the meanings ascribed to them by Chapter 514E, Haw. Rev. Stat., as amended.

[(8)](3) The Director may adopt rules pursuant to Chapter 91, Haw. Rev. Stat., necessary for the purposes of implementing this Subsection.”

(Material to be deleted is bracketed. New material is underscored.)  
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(August 27, 2014)

FLOOR AMENDMENT

Bill No. 2549, A Bill For An Ordinance Amending Chapter 5A, Kaua'i County Code 1987, As Amended, Relating To The Real Property Taxes (*Residential Investor Tax Classification Proposal*)

Introduced by: JOANN A. YUKIMURA

Amend Section 2 of Bill No. 2549, by amending the definition of "Residential Investor" to read as follows:

SECTION 2. Chapter 5A, Section 5A-1.1, of the Kaua'i County Code 1987, as amended, is hereby amended by adding an additional definition to read as follows:

““Residential Investor” shall mean a tax rate classification applied to properties that do not qualify for the home exemption, are improved with a dwelling unit(s), and not vacant land, and have an assessed value of [one million dollars (\$1,000,000.00)] two million dollars \$2,000,000 or more.”

(Material to be deleted is bracketed. New material is underscored.)

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